



Doing Business in Ethiopia:

2011 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Ethiopia

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Market Overview

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- Ethiopia ranks 104th out of 183 countries in the World Bank's Ease of Doing Business report.
- Ethiopia's population of approximately 82 million makes it one of the largest markets in Africa. Gross Domestic Product (GDP) per capita was about \$365 in the fiscal year (FY) 2009/2010 (Ethiopia's fiscal year ends on July 7), but overall GDP growth for the past five years has averaged 11% annually according to Ethiopian Government figures. The World Bank and the International Monetary Fund estimated FY 2009/2010's growth at 8%, while the Ethiopian Government stated it was 10.4%.
- Nominal GDP was \$29.9 billion in FY 2009/10. Agriculture accounted for 42% of GDP and employed over 80% of the population. Approximately 85% of Ethiopia's population lives in rural areas.
- Year-on-year inflation peaked at 64% in July 2008, declined to the single digits in 2009 and 2010, but crept upwards to 14.5% in December 2010 and 17.7% in January 2011.
- Real interest rates are negative as the minimum bank deposit rate of 5% is lower than inflation.
- The Ethiopian Government depreciated the Birr by over 80% against the U.S. Dollar between 2008 and 2010. In February 2011, the Birr traded at 16.63 per U.S. Dollar. Prime Minister Meles Zenawi announced in February 2011 that no major currency devaluations would take place in the next five years.
- Ethiopia suffers from a continual significant trade deficit. In FY 2009/2010, exports totaled \$2 billion, while imports reached \$8.4 billion leading to a trade deficit of \$6.4 billion.
- Ethiopia's major exports include coffee, oil seeds, gold, chat, flowers, pulses, and live animals. Coffee is the leading export, constituting 26% of total exports by value in FY 2009/10 followed by oil seeds, which comprised 18% of total exports.
- The country's main imports include petroleum products, machinery, metal products, agricultural and industrial chemicals, fertilizers, medical and pharmaceutical products, and food grains.
- The major sources of Ethiopian imports in FY 2009/10 were: China (18%), Saudi Arabia (13%), India 8%), United States (6%), and Japan (5%). The U.S. was the fourth largest import source, providing mainly agricultural products and machinery to Ethiopia.
- Ethiopia's top five export destinations in FY 2009/10 were: Switzerland (11%), China (11%), Germany (10%), Somalia (9%), and Netherlands (8%). The U.S.

was Ethiopia's ninth largest export destination (4%), mainly through purchases of coffee, oil seeds, textile/garments, and flowers.

- For the calendar year 2010, Ethiopia's imports from the United States totaled \$758.3 million, with Boeing aircraft accounting for nearly two-thirds of the total. Ethiopian exports to the United States totaled \$127.3 million in 2010.
- U.S. businesses in Ethiopia are primarily involved in the following industries: soft drinks; aircraft sales; construction equipment; real estate; agricultural machinery; farming; and engineering services.
- Chinese companies are active in Ethiopia's infrastructure sectors, while Indian and Saudi Arabian firms are mainly involved in the agricultural sectors. Dutch companies play a prominent role in the floriculture sector.
- National elections were held in May 2010 with a landslide victory by the incumbent ruling party that has been in power since 1991.
- In late 2010, the Ethiopian Government enacted an ambitious five-year Growth and Transformation Plan (GTP) which envisages 11% annual average economic growth as a base case scenario and 14.9% annual average growth as a high case growth scenario.

Market Challenges

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- The Ethiopian Government is engaged in a slow process of economic reform and liberalization; however, the state remains heavily involved in most economic sectors. The government retains control over the utilities sector, as well as telecom, and prohibits foreign ownership of banking, insurance, and financial services companies. State-owned enterprises and political ruling-party owned entities dominate the economic landscape, reducing room for the private sector to flourish, although many of the subsidiaries of these entities themselves seek joint venture and equity partners.
- The state-owned telecommunications company, Ethio Telecom (ET), offers slow, expensive, and unreliable phone and Internet services. As of December 2009, there were only 5.1 million mobile phone subscribers and 68,000 Internet subscribers. Blackberries do not work in Ethiopia, but ET is working on signing an agreement to enable Blackberry to provide service locally.
- The prohibition on foreign financial services institutions from operating in Ethiopia and the undeveloped regulatory environment have resulted in a limited and weak financial sector.
- The acute foreign exchange crisis that plagued Ethiopia in 2008-2010 is expected to continue to challenge businesses in the future. Foreign exchange reserves dropped to \$700 million in 2008, but rose to about \$2.1 billion in 2010. The waiting period for local businesses to secure foreign exchange has improved to 2-3 weeks from several months in 2009/10.
- All land is owned by the state and cannot be purchased or sold, but can be leased on a long-term basis of up to 99 years.
- Intermittent power outages forced factories to cease operations during peak periods in 2010. Electricity demand still outpaces supply as new hydropower dams struggle to produce at full capacity and power transmission lines/facilities are insufficient.
- Government procedures and paperwork are usually complicated and time-consuming, although improvements have been made. The customs clearance

process is slow and imported goods are sometimes taxed at attributed values instead of invoice values.

- Ethiopia's judicial system is poorly staffed and inexperienced, particularly with respect to commercial disputes. The government recently established a new court system dedicated to resolving commercial disputes more efficiently. If a company includes an arbitration clause in its contract, it can apply for services from the Addis Ababa Chamber of Commerce Arbitration Institute and bypass some inefficiencies of the judicial system.
- Lack of access to finance is a hindrance for local businesses. Currently, banks are restricted from lending above their current limits due to the central bank's mandate to decrease the money supply and control inflation. This lending limit should be lifted soon, but no exact date is known.
- A largely illiterate and semi-skilled workforce suffers from low productivity levels. Ethiopia's adult literacy rate is estimated at 36%.
- The Ethiopian Government's de facto requirement that imports be transported by the state-owned Ethiopian Shipping Lines (ESL) has caused severe delivery delays and expensive transportation costs for importers. ESL also requires payment in foreign exchange for services.
- In January 2011, the Ethiopian Government announced price controls for 18 commodities/consumables based on allegations of price gouging by major traders.

Market Opportunities

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- Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones. In 2009, the Ethiopian Government shifted its agricultural policy focus towards encouraging private investment (both domestic and foreign) in larger-scale commercial farms. The Ministry of Agriculture (MOA) created a new Agricultural Investment Support Directorate that is currently negotiating long-term leases on over 7 million acres of land for these commercial farms. The new Directorate's goal is to boost productivity, employment, technology transfer, and foreign exchange reserves by offering incentives to private investors.
- The Ethiopian Government also seeks to attract investors--through incentives—to the priority export sectors of textiles/garments, leather, horticulture/floriculture, and agro-processing. Many Ethiopian goods are eligible for duty-free access to the U.S. market under the African Growth and Opportunity Act (AGOA).
- The Ethiopian Government has also made a recent push towards encouraging the local manufacturing of goods as a means of import substitution and eventual reduction of its trade deficit.
- Leading non-agricultural sectors for U.S. trade and investment include: renewable energy, construction, tourism, telecommunications, and aviation.
- Other U.S. exports to Ethiopia include: trucks/vehicles, spare car parts, medical equipment, and pharmaceuticals.
- The Ethiopian Government has developed a list of approximately 200 eServices or electronic services needed to be developed in the next several years.
- Nearly all tenders issued by the Ethiopian Government's Privatization and Public Enterprises Supervising Agency (PPESA) are open to foreign participation. Most of the 260 public enterprises sold since 1994 have been small enterprises in the trade and service sectors. About 80 public enterprises remain under PPESA control.

- Getting a firsthand look at the Ethiopian market, conducting extensive due diligence, and developing personal relationships are important first steps.
- U.S. firms should consider appointing experienced local agents to represent their products and services in Ethiopia. Ethiopian Diaspora living in the United States often serve as resources in establishing U.S.-Ethiopian partnerships.
- Hiring a local lawyer to review documents and contracts is recommended for any investor.
- The Ethiopian Government requires that all imports be channeled through Ethiopian nationals registered as official import or distribution agents with the Ministry of Trade (MOT).
- A significant portion of Ethiopia's imports are solicited through government tenders. The tender announcements are made public to all interested potential bidders, regardless of the nationality of the supplier or origin of the products/services.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2859.htm>

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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To conduct business effectively and participate in local tenders, it is strongly advised that U.S. firms appoint local agents to represent their products and services in Ethiopia. U.S. firms could begin by consulting with local chambers of commerce, including the American Chamber of Commerce (AmCham) in Ethiopia, and the U.S. Embassy's Economic/Commercial Section for initial points of contact.

Establishing an Office

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The Ethiopian Investment Agency (EIA) should be one of the first stops for an investor wishing to apply for a business license and receive information on any pertinent incentives. In addition, all importers and exporters who establish a local office must be registered with the Ministry of Trade to seek project approval and the Ethiopian Revenue and Customs Authority (ERCA) to obtain a tax identification number.

A U.S. firm wishing to establish a branch office in Ethiopia must submit the following documents for registration:

- A notarized copy of the registration of a parent company in the country of origin.
- Copy of the Memorandum and Articles of Association.
- An authenticated decision of the parent company's board of directors or a similarly authorized body for the establishment of a branch in Ethiopia. The decision should indicate the types of activities of the branch, the individuals appointed by the parent company to act on its behalf, and the capital allocated for its operation.

- An authenticated power of attorney issued by an authorized organ of a company for the permanent representative in Ethiopia.
- Financial reference from the company's bank.
- A notice published in a local newspaper announcing the establishment of a branch company in Ethiopia.

Please refer to the World Bank's Doing Business in Ethiopia report link for more information:

<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/MoreDetails.aspx?economyId=66>

Franchising

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Difficulties in product quality control, banking regulations, and continuing foreign exchange convertibility issues make franchising difficult. Currently, there are no U.S. franchises operating in Ethiopia.

Direct Marketing

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Direct marketing of U.S. products in Ethiopia is very limited as the use of local agents is required for most types of businesses.

Joint Ventures/Licensing

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Foreign investment inflows through joint ventures (especially with the government) are promoted and encouraged in Ethiopia. The following are the major criteria for the approval of joint venture proposals:

- Transfer and adaptation of needed technology into the country.
- Improvement of the country's foreign exchange position.
- Utilization and development of the country's resources, including the generation of local employment.
- Development of forward and backward linkages, and increased added value in various economic sectors.

Selling to the Government

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Government procurement conducted is by a competitive bidding process and bidding company authorization is required to be eligible for participation. In 2010, the Ministry of Finance and Economic Development (MOFED) established a central procurement agency to coordinate all government procurements. Bureaucratic procedures and delays in the decision-making process sometimes impede participation in tenders and expose bidding companies to unnecessary costs and delays. Political factors also influence tender decisions. It is advisable to work with local agents or representatives in order to participate effectively in local tenders.

Distribution and Sales Channels

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As a landlocked country, Ethiopia relies heavily on the Port of Djibouti for the import and export of goods. Ethiopia is working to bypass the clearance and traffic backlog in

Djibouti by streamlining customs procedures and constructing dry ports near its border with Djibouti. Port Sudan and Berbera Port in Somaliland are used to a smaller degree. After some delay, French company Bolloré is restarting its negotiations with Somaliland to begin a multi-million dollar expansion of the Berbera Port. Most goods are transported by trucks from the ports to Addis Ababa and other parts of Ethiopia. Ethiopia's ruling party-owned companies dominate the truck transportation market. Plans to revamp Ethiopia's rail systems are underway (via Chinese contractors), but currently not operational. Cut flowers and fresh fruits and vegetables are transported via air from Addis Ababa's Bole International Airport.

Most distribution in Ethiopia, particularly to regional towns, is done through informal business arrangements. For example, after being cleared through customs, many goods will be sold to wholesalers in Addis Ababa's largest open market (Merkato) and then distributed to retailers and small vendors.

Ethiopia requires that all imports be channeled through Ethiopian nationals registered with the government as an official import or distribution agent. The importer or agent is required to apply for an import license, and register with Ministry of Trade as well as the National Bank of Ethiopia for a foreign exchange permit.

Selling Factors/Techniques

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Methods used by successful competitors in the Ethiopian marketplace include active contact with key Ethiopian Government officials responsible for major programs and projects, personal visits by representatives for initial market surveys, and contact with local representatives knowledgeable about future plans and market potential. Sales materials in the official local language, Amharic, in addition to English is an effective way to reach a broader customer base; however, the use of English is prevalent in the business community.

Electronic Commerce

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Electronic Commerce is still in its infancy stage in Ethiopia and is rarely used. Most Ethiopians do not have credit cards and Internet connections are slow and unreliable; however, Internet service is improving as Ethiopia recently connected to Seacom's underground/sea fiber optic cable. The following are some of Ethiopia's e-commerce sites:

Ethiopia Commodity Exchange
<http://www.ecx.com.et>

Ethiopian Airlines
<http://www.ethiopianairlines.com>

Ethio Gift
<http://www.ethiogift.com>

Ethio-Market
<http://www.ethiomarket.com>

Genuine Leather Craft
<http://www.genuineleathercraft.com>

Zemen Bank
<http://www.zemenbank.com>

Trade Promotion and Advertising

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Advertising and trade promotion are important in the Ethiopian market. Government-owned mass media outlets (radio, television, and newspapers) and privately-owned magazines, newspapers, radio stations, and billboards are the major means of advertising. The Addis Ababa Chamber of Commerce organizes the largest international trade fair in Ethiopia each year in February, which attracts many foreign and local exhibitors.

Please refer to the following list for more information:

Disclaimer: This list is not comprehensive and inclusion does not constitute an endorsement or recommendation by the U.S. Government.

Chambers of commerce:

Addis Ababa Chamber of Commerce and Sectoral Associations
P.O. Box 2458
Addis Ababa, Ethiopia
Tel: +251-11-550-4647
Fax: +251-11-550-4649
Email: planning@addischamber.com
<http://www.addischamber.com>

Ethiopian Chamber of Commerce and Sectoral Associations
Tel: +251-011-551-8240
Fax: +251-011-551-7699
E-mail: ethchamb@ethionet.et
<http://www.ethiopianchamber.com>

American Chamber of Commerce in Ethiopia
P.O. Box 18776
Addis Ababa, Ethiopia
Tel: +251-11-554-9002
Fax: +251-11-553-1989
Email: amcham@amchamethiopia.net

Advertising agencies:

Horizon Ethiopia
P.O. Box 26782/1000
Addis Ababa, Ethiopia
Tel: +251-11-618-4045
Email: advertising@addisconnexion.com
<http://www.addisconnexion.com>

Afro link Studio
P.O. Box 1126, Code 1110
Addis Ababa, Ethiopia
Tel: +251-11-661-1085
Email: info@afrolinkstudio.com
<http://www.afrolinkstudio.com>

B.T. Digital Advert
Addis Ababa, Ethiopia
Tel: +251-11-663-1717
Fax: +251-11-662-6545
Email: btta@ethionet.et
<http://www.btadvert.com>

Cactus Advertising
P.O. Box 5790
Addis Ababa, Ethiopia
Tel: +251-11-662-3888
Fax: +251-11-661-5100
Email: cactusplc@ethionet.et

Lion Advertising
P.O. Box 5372
Addis Ababa, Ethiopia
Tel: +251-11-552-7835 / 552-7836
Fax: +251-11-551-2499
Email: lionadpr@ethionet.et

Mono 2000 PLC
Addis Ababa, Ethiopia
Tel: +251-11-663-3060
Fax: +251-11-663-3061
Mob: +251-91-121-2091
Email: monopl@ yahoo.com

Zeleman Productions
P.O. Box: 17629
Addis Ababa, Ethiopia
Tel: +251-11-663-2800/01/02/03/04
Mobile: +251-91-124-5627
Fax: +251-11-662-6238
E-mail: info@zelemanproductions.com
www.zelemanproductions.com

Newspapers:

Addis Business
P.O. Box 2458
Addis Ababa, Ethiopia
Tel: +251-11-551-8882
Email: aachamber1@ethionet.et
<http://www.addischamber.com>

The Ethiopian Herald
P.O. Box 30701
Addis Ababa, Ethiopia
Tel: +251-11-662-5457
Fax: +251-11-156-9862
Email: et.press@ethionet.et
<http://www.ethpress.gov.et>

Addis Zemen (Daily Amharic newspaper)
P.O. Box 30145
Addis Ababa, Ethiopia
Tel: +251-11-662-5444
Fax: +251-11-156-9862
Email: et.press@ethionet.et
<http://www.ethpress.gov.et>

Capital (weekly)
P.O. Box 95 Code 1110
Addis Ababa, Ethiopia
Tel: +251-11-618-3253 / +251-11-651-3375
Fax: +251-11-618-5206
Email: syscom@ethionet.et
<http://www.capitalethiopia.com>

Fortune (weekly)
P.O. Box 1110, Code 259
Addis Ababa, Ethiopia
Tel: +251-11-662-7150
Fax: +251-11-662-3727
Email: tamrat@addisfortune.com
<http://www.addisfortune.com>

Press Digest (weekly)
P.O. Box 12719
Addis Ababa, Ethiopia
Tel: +251-11-111-2154
Fax: +251-11-551-3523
Email: Phoenix.Universal@t.ethionet.et
<http://www.Press-digest.info>

Sub Saharan Informer (weekly)
P.O. Box 22178 Code 1000
Addis Ababa, Ethiopia
Tel: +251-11-515-1800
Fax: +251-11-552-6722
E-mail: info@subsaharaninformer.com
<http://www.ssinformers.com>

The Daily Monitor
P.O. Box 4502
Addis Ababa, Ethiopia
Tel: +251-11-156-0199/156-0794
Fax: +251-11-156-0515
E-mail: themonitor@ethionet.et
<http://www.theafricamonitor.com>

The Reporter (weekly)
P.O. Box 7023
Addis Ababa, Ethiopia
Tel: +251-11-661-6188
Fax: +251-11-661-6189
Email: mcc@ethionet.et
<http://www.ethiopianreporter.com>

Government Media:

Ethiopian News Agency
P.O. Box 530
Tel: +251-11-155-0011
Fax: +251-11-155-1609
E-mail: ena@ethionet.et or enas@ethionet.et
<http://www.ena.gov.et>

Ethiopian Radio and Television Agency
P.O. Box 1020/5544
Tel: +251-11-550-5483 / 553-6566
Fax: +251-11-550-5174
E-mail: etv2@ethionet.et
<http://www.erta.gov.et>

Radio Fana
Addis Ababa, Ethiopia
Tel: +251-11-551-6777
Fax: +251-11-551-5039
E-mail: rfana@radiofana.com
<http://www.radiofana.com>

Walta Information and Public Relation Center S.C
P.O. Box 12918
Addis Ababa, Ethiopia
Tel: +251-11-467-0303
Fax: +251-11-467-0302
E-mail: wic@ethionet.et
<http://www.waltainfo.com>

Pricing

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In January 2011, the Ethiopian Government introduced price caps on selected 18 consumer goods/commodities as an apparent temporary measure. Local transportation fares, petroleum, and fertilizer prices continue to be set by the government, but are revised periodically. The general pricing structure for imports is on the basis of a customs duty (Harmonized System (HS) code is applicable), 15% Value-Added Tax (VAT), 2% withholding tax, and 10% surtax or excise tax (depending on the type of product).

Prices of locally produced products have increased significantly in recent years. Prices of imported goods are also high, due to customs duties, transportation costs and devaluation of the local currency (Birr) against the U.S. Dollar.

Sales Service/Customer Support

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Sales service is available for most products, but customer service levels are poor in comparison to international standards. Service providers that rely on imported parts often face delays in obtaining the foreign exchange to purchase these goods. Consumer advocacy or protection associations currently operate in Ethiopia with weak capacity and authority. In August 2010, the Ethiopian Government enacted a consumer protection law aimed at improving consumer protection.

Protecting Your Intellectual Property

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In April 2003, the government established the Ethiopian Intellectual Property Office (EIPO) to administer trademark, copyrights, and intellectual property issues. The Ethiopian Intellectual Property Rights Office (EIPO) has primarily been tasked to protect Ethiopian copyrighted materials. The EIPO has weak capacity in terms of manpower and law enforcement. In addition, a number of businesses, particularly in the tourism and service industries, operate freely in Ethiopia using well-known trademarked names or symbols without legal permission.

Ethiopia has yet to sign a number of major international intellectual property rights (IPR) treaties, such as: the Paris Convention for the Protection of Industrial Property; the World Intellectual Property Organization (WIPO) copyright treaty; the Berne Convention for Literary and Artistic Works; and the Patent Cooperation Treaty.

The new Trade Practice and Consumers' Protection Proclamation (No. 685/2010) calls the establishment of a Trade Practice and Consumers Protection Authority. This Authority is currently under formation and will be charged with reviewing, investigating, and resolving instances of Intellectual Property Right abuses in addition to addressing

unethical business activities. U.S. companies are encouraged to secure local legal counsel to bring cases to the Authority.

Protecting Your Intellectual Property in Ethiopia:

Several general principles are important for effective management of intellectual property ("IP") rights in Ethiopia. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Ethiopia than in the U.S. Third, rights must be registered and enforced in Ethiopia under local laws. Your U.S. trademark and patent registrations will not protect you in Ethiopia. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Ethiopian market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Ethiopia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Ethiopia law. Please see the following link for a list of local lawyers: http://ethiopia.usembassy.gov/attorney_information.html.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Ethiopia require constant attention. Work with legal counsel familiar with Ethiopia laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Ethiopia or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

Due Diligence

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Due diligence and project analysis are highly recommended for every sector. The U.S. Embassy offers the following fee-based services to assist in these efforts:

- International Company Profile (report on an individual company)
- Gold Key Service (arranging appointment schedule with relevant parties)
- International Partners Search (compiling information on potential strategic partners)

Please see http://ethiopia.usembassy.gov/commercial_office.html and http://www.export.gov/ethiopia/eg_et_019644.asp for more information on these services.

If U.S. firms require extensive and detailed market research or project analysis, the U.S. Embassy can recommend local consultancy firms.

Local Professional Services

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The following list includes companies that render general professional services (see Web Resources section below for website and email links):

Disclaimer: This list is not comprehensive and inclusion does not constitute an endorsement or recommendation by the U.S. Government.

Banking and Finance:

Awash International Bank, Bank of Abyssinia, Berhan International Bank, Bunna International Bank, Commercial Bank of Ethiopia, Construction and Business Bank, Cooperative Bank of Oromia, Dashen Bank, Development Bank of Ethiopia, Lion International Bank, Nib International Bank, Oromia International Bank, United Bank, Wegagen Bank, Zemen Bank

Hotels and Meeting Facilities:

Ghion Hotel, Harmony Hotel, Hilton Addis Ababa, Jupiter Hotel, Sheraton Addis Ababa

Tour Operators:

Abyssinian Tours, Ethiopia Travel, Ethiopian Rift Valley Safaris, Experience Ethiopia Travel, GETTS Travel, Travel Ethiopia

Others:

Association of Ethiopian Microfinance Institutions, Ethiopian Bar Association, Ethiopian Business Development Services Network, Ethiopian Economics Association, Ethiopian Medical Association, Ethiopian Information Technology Professional Association, Ethio-Jobs, Precise Consult International, Construction Contractors Association of Ethiopia, Encore Employment Training Services, Ethiopian Information Technology Professionals Association, Ethiopian Horticulture Producer Exporters Association, Ethiopian Leather Industries Association, Ernst & Young, HST Consulting

Electronic Commerce:

Ethiopian Commodity Exchange
<http://www.ecx.com.et>

Ethio Gift
<http://www.ethiogift.com>

Ethio-Market
<http://www.ethiomarket.com>

Ethiopian Airlines
<http://www.ethiopianairlines.com>

Genuine Leather Craft
<http://www.genuineleathercraft.com>

Zemen Bank
<http://www.zemenbank.com>

Chambers of Commerce:

Ethiopian Chamber of Commerce and Sectoral Association
<http://www.ethiopianchamber.com>

Addis Ababa Chamber of Commerce and Sectoral Association
<http://www.addischamber.com>

American Chamber of Commerce in Ethiopia
Email: amcham@amchamethiopia.net

Advertising agencies:

Horizon Ethiopia
<http://www.addisconnexion.com>

Afro link Studio
<http://www.afrolinkstudio.com>

B.T. Digital Advert
<http://www.btadvert.com>

Cactus Advertising
Email: cactusplc@ethionet.et

Lion Advertising
Email: lionadpr@ethionet.et

Mono 2000 PLC
Email: monopl@yahoo.com

Zeleman Production
www.zelemanproductions.com

Addis Business
<http://www.addischamber.com>

Newspapers:

The Ethiopian Herald
<http://www.ethpress.gov.et>

Addis Zemen (Daily Amharic newspaper)
<http://www.ethpress.gov.et>

Capital (weekly)
<http://www.capitalethiopia.com>

Fortune (weekly)
<http://www.addisfortune.com>

Press Digest (weekly)
<http://www.Press-digest.info>

Sub Saharan Informer (weekly)
<http://www.ssinformer.com>

The Daily Monitor
<http://www.theafricamonitor.com>

The Reporter (weekly)
<http://www.ethiopianreporter.com>

Government Media:

Ethiopian News Agency
<http://www.ena.gov.et>

Ethiopian Radio and Television Agency
<http://www.erta.gov.et>

Radio Fana
<http://www.radiofana.com>

Walta Information Centre
<http://www.waltainfo.com>

Banking and Finance:

Awash International Bank

<http://www.awash-international-bank.com>

Bank of Abyssinia

<http://www.bankofabyssinia.com>

Berhan International Bank

<http://www.berhan-bank.com>

Bunna International Bank

<http://www.bunnabanksc.com>

Commercial Bank of Ethiopia

<http://www.combanketh.com>

Construction and Business Bank

<http://www.cbb.com.et>

Cooperative Bank of Oromia

<http://www.coopbankoromia.com.et>

Dashen Bank

<http://www.dashenbanksc.com>

Development Bank of Ethiopia

<http://www.dbe.com.et>

Lion International Bank

<http://www.anbesabank.com>

Nib International Bank

<http://www.nibbank-et.com>

Oromia International Bank

Email: oib@ethionet.et

United Bank

<http://www.hibretbank.com>

Wegagen Bank

<http://www.wegagenbank.com.et>

Zemen Bank

<http://www.zemenbank.com>

Hotels and Meeting Facilities:

Ghion Hotel

<http://www.ghionhotel.com.et>

Harmony Hotel

<http://www.harmonyhotelethiopia.com>

Hilton Addis Ababa

<http://www.hilton.com>

Jupiter Hotel

<http://www.Jupiterinternationalhotel.com>

Sheraton Addis Ababa

<http://www.luxurycollection.com/addis>

Tour Operators:

Abyssinian Tours

<http://www.abyssiniantours.com>

Ethiopia Travel

<http://www.ethiopiatravel.com>

Ethiopian Rift Valley Safaris

<http://www.ethiopianriftvalleysafaris.com>

Experience Ethiopia Travel

<http://www.telecom.net.et/~eet>

GETTS Travel

<http://www.getts.com.et>

Travel Ethiopia

<http://www.travelethiopia.com>

Others:

Association of Ethiopian Microfinance Institutions

<http://www.aemfiethiopia.org>

Ethiopian Bar Association

<http://www.ethiopian-bar.org>

Ethiopian Business Development Services Network

<http://www.bds-ethiopia.net>

Ethiopian Economics Association

<http://www.eeaecon.org>

Ethiopian Medical Association

<http://www.ethiopianmedicalassociation.com>

Ethiopian Information Technology Professional Association
<http://www.eitpa.org>

Ethio-Jobs
<http://www.ethiojobs.net>

Precise Consult International
<http://www.ethiopiainvestor.com>

Construction Contractors Association of Ethiopia
<http://www.ethiopianconstruction.org>

Encore Employment Training Services
<http://www.encore-etcs.com>

Ethiopian Information Technology Professionals Association
<http://www.eitpa.org>

Ethiopian Horticulture Producer Exporters Association
<http://www.ehpea.org.et>

Ethiopian Leather Industries Association
<http://www.elia.org.et>

Ernst & Young
<http://www.ey.com>

HST Consulting
<http://www.hstcon.com>

U.S. Government websites

http://www.export.gov/ethiopia/eg_et_019644.asp

http://ethiopia.usembassy.gov/commercial_office.html

World Bank website:

Doing Business in Ethiopia report:
<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/MoreDetails.aspx?economyId=66>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Renewable Energy](#)
- [Road Construction](#)
- [Tourism](#)
- [Telecommunications](#)
- [Aviation](#)

- **Agricultural Sector**

Renewable Energy

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Ethiopia is experiencing energy shortages as it struggles to meet growing electricity demand of 20-25% per annum. As of December 2010, Ethiopia supplied approximately 1,300 MW of electricity to consumers, falling short of the planned 2,000 MW of supply for 2010. This 700 MW shortfall was due to lack of transmission line/power substation capacity, transformer problems at Gilgel Gibe I hydropower dam, and the year-long repair of a collapsed tunnel at Gilgel Gibe II hydropower dam. Hydropower supplies more than 80% of the country's total installed energy capacity.

Despite these setbacks, the Ethiopian Electric Power Corporation (EEPCO) remains optimistic about meeting the Government of Ethiopia's five-year target of 8,000 MW of generation capacity. EEPCO's generation development plan consists mainly of hydro dam projects alongside wind and geothermal power projects. Rough estimates place Ethiopia's hydropower generation potential at over 45,000 MW, with total renewable energy generation estimated at 60,000 MW. As of early 2011, Ethiopia was still finalizing its long overdue feed-in tariff bill, which should offer independent power producers the option to sell renewable energy power to the national grid at specified rates.

Sub-Sector Best Prospects

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Engineering services to supply more renewable energy sources, such as wind, solar, geothermal, biomass (municipal landfills, organic waste) as well as hydropower.

Supply of drilling rigs and associated equipment, electric and electrical cables, transformers, and electric meters.

Opportunities

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Refer to the Project Financing section of Chapter 7: Trade and Project Financing for specific project opportunities.

Web Resources

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Ethiopian Electric and Power Corporation (EEPCO)
<http://www.eepco.gov.et>

The World Bank
<http://www.worldbank.org>

Ministry of Water and Energy
<http://www.mowr.gov.et>

Ministry of Mines
<http://www.mome.gov.et/index.html>

Road Construction

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Overview

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The World Bank and donor agencies are participating heavily in Ethiopia's Road Sector Development Program (RSDP). In 2011, the Ethiopian Government is embarking upon RSDP IV, the largest and biggest program undertaken in the sector. RSDP-IV is considered a strategic pillar of government's Growth and Transformation Plan (GTP), which plans to increase the road network from 49,000 kilometers (33,000 miles) to 136,000 kilometers (91,000 miles) in five years. Unlike earlier phases of the RSDP, RSDP IV places a high emphasis on improved access, specifically the construction of feeder/linking roads and lower volume roads. Although U.S. firms have bid on tenders to conduct road design and supervise construction in the past, most of them have not been price competitive. Ethiopia will continue to need construction vehicles (bulldozers, cranes, trucks, and forklifts), vehicle attachments, and mechanized and non-mechanized equipment to level and pour construction materials. Most projects open for international competitive bidding are funded either by the Ethiopian Government or major international financial institutions, such as the International Development Association (IDA) of the World Bank and the African Development Bank (AFDB).

Sub-Sector Best Prospects

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U.S. exports of construction machinery, chemicals, and building materials to Ethiopia. U.S. firms involved in the road construction sector may also offer consultancy and supervision services.

Opportunities

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Refer to the Project Financing section of Chapter 7: Trade and Project Financing for specific project opportunities.

Web Resources

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African Development Bank
<http://www.afdb.org>

World Bank
<http://www.worldbank.org>

Ethiopian Roads Authority
<http://www.era.gov.et>

Tourism

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Ethiopia's tourism potential is largely untapped and should be of enormous interest to foreign and local visitors on historic, cultural, or eco-tourism expeditions. Ethiopia has a diversity of wildlife (with many unique indigenous plant, bird, and mammal species), exotic landscapes, prehistoric sites, and architectural ruins of historical and religious significance. Many tourist sites are completely undeveloped and the infrastructure (hotels, restaurants, tour facilities) is underdeveloped as well. With a high volume of transit passengers transferring through Bole International Airport to global and regional destinations, there is a need for increased international standard accommodation near the airport for transit passengers. In addition, as the seat of the African Union and United Nations Economic Commission for Africa, Addis Ababa serves as a frequent venue for international conferences and events.

Sub-Sector Best Prospects

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Providing equipment to new hotels and travel agencies. Building modern tourist hotel and facilities.

Refer to the Project Financing section of Chapter 7: Trade and Project Financing for specific project opportunities.

Opportunities

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Lodging facilities, camping gear, hotel furniture and equipment, vehicles for tour operators.

Web Resources

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Ministry of Culture and Tourism
<http://www.tourismethiopia.org>

Official Portal of Tourism in Ethiopia
<http://www.tourismethiopia.gov.et/English/Pages/Home.aspx>

Telecommunications

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Ethiopia's telecommunication sector is dominated by the state-owned monopoly formerly known as Ethiopian Telecommunications Corporation (ETC) and recently renamed as Ethio Telecom (ET). Under a two-year contract, France Telecom assumed management of ET in November 2010. Ethiopia continues to invest in expanding and upgrading its telecommunications network, but currently has the lowest telephone line density in Africa, with less than 2% coverage among potential fixed line customers. At present, there are 5 million mobile phone users, close to one million fixed lines and 70,000 Internet service subscribers in a country with 82 million people. ETC has reached the final phases of its infrastructure build out under contract with Chinese Zhong Xing Telecommunications Equipment (ZTE) company. This expansion is focused on providing telecom services in all of Ethiopia's 15,000 rural villages, with dedicated lines for agriculture, education, health and consumer use.

In attempting to boost its international connectivity, ETC connected to the Seacom fiber optic cable in 2010. Seacom's fiber optic cable connects Ethiopia via Djibouti to the global network spanning down the Eastern coast of Africa as well as to India and Europe. This move reduced Ethiopia's reliance on expensive satellite connections.

The Ethiopian Government appears to have no immediate plans to liberalize the telecom sector in the areas of service provision; however, opportunities exist in the area of value-added services. The Ethiopian Government has developed a list of approximately 200 eServices or electronic services needed to be developed in the next several years. In addition, the government has started to put in the infrastructure in place for an "IT Park" aimed at attracting IT service companies such as those involved in outsourcing.

Best Prospects

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Mobile banking services and outsourcing services.

Website software and technologies.

Software development for government electronic services.

Opportunities

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As Ethiopia's broadband capacity expands, website content development and equipment for planned call centers.

Web Resources

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Ethio Telecom

<http://www.ethionet.et>

Aviation

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Ethiopian Airlines (EAL) continues to expand its routes throughout Africa, Europe, Asia, and North America. Ethiopian serves 56 international destinations with 210 weekly international departures from Addis Ababa and a total of 555 weekly international departures worldwide. EAL has been an important client for U.S. aviation companies with an all-Boeing international fleet equipped with both Pratt and Whitney and General Electric (GE) engines. In 2005, EAL signed a deal with Boeing to buy 10 Boeing 787 Dreamliner jets, which are expected to be delivered in late 2011. In January 2009, EAL purchased an MD-11 freighter aircraft from Boeing and in July 2009, EAL placed an order for five Boeing 777-200LRs and 12 Airbus A350-900s (2017 delivery). As of February 2011, EAL has already taken delivery of three of the 777s. Furthermore, in January 2010, EAL signed an agreement with Boeing to purchase ten additional 737-800s aircraft, delivery of which is scheduled to begin in November 2011.

EAL is a state-owned enterprise and holds the exclusive right to domestic air service for aircraft with 20 or more seats. In the past year, two new domestic private charter air service companies have entered the market-- Air Ethiopia (now called Addis Airlines) and Teddy Air--joining the already established Abyssinian Flight Services. These smaller airlines offer opportunities for the export of U.S. planes and helicopters.

Best Prospects/ Services

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Aircraft, and engine sales and leasing to both EAL and smaller charter companies; airport equipment.

Opportunities

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Addis Ababa Bole International Airport has plans to renovate and expand its terminals. These new facilities will need equipment, machinery, and structures related to indoor and outdoor facilities including baggage handling, shopping, cargo storage, transfers, food preparation, and parking. Other domestic airports will also require communication, safety, and security equipment as planned upgrades occur in the near future.

Web Resources

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Ethiopian Airlines
<http://www.ethiopianairlines.com>

Abyssinian Flight Services
<http://www.abysinianflights.com>

Air Ethiopia (Addis Airlines)
<http://www.airethiopia.net>

Ethiopian Airports Enterprise
<http://www.ethiopianairports.com>

Agricultural Sector

Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones. Agriculture is the mainstay of the economy. The Ethiopian Government has identified increasing productivity of small holder farms and expanding large-scale commercial farms as its two priority areas. The Ministry of Agriculture (MOA) has an Agricultural Investment Support Directorate dedicated to oversee any new large-scale commercial farm deals. The Directorate's goal is to increase productivity, employment, technology transfer, and foreign exchange reserves by attracting investors with incentives and favorable land lease terms. It is initially charged with negotiating deals for 7.4 million acres of land in the sparsely populated regions of Benishangul Gumuz, Gambella, and Southern Nations, Nationalities, and People's Region.

Given the primary focus of the economy on agriculture and the diversity of crops and products, the large-scale agro-processing sector offers numerous opportunities. With increased commercialization of this sector, there are growing demands for agricultural inputs and the supply and maintenance of tractors, harvesters, and other equipment such as grain silos, cold storage, and transport vehicles. Ethiopia imports all of its fertilizer, about 700 thousand tons a year, costing close to \$250 million.

Ethiopia's cash crop production has potential for growth, especially in coffee, cut flowers, tea, sugar, spices, and tobacco. Domestically produced cotton is also in high demand by the growing textile and garment factories that seek to source locally. Ethiopia already produces beeswax, oilseeds, fruits and vegetables for export, but growth potential exists in these areas as well.

The Ethiopian Government is advising the use of water-harvesting methodologies and irrigation in rural areas as a means of reducing farmers' vulnerability to the recurring droughts that affect millions of families. Demand is anticipated for the supply of machinery and equipment as well as technical services in several areas, including hand farming implements and hand-powered tools and farming equipment, small-scale rural infrastructure equipment, and water supply and sewage system machinery such as irrigation pumps and well or bore-hole digging equipment.

Best Prospects/ Services

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Supply of agricultural machinery, irrigation equipment, fertilizer, and seeds.

Opportunities

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Establishing a large-scale commercial farm or agro-processing operation in undeveloped ("virgin") regions of rural Ethiopia.

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Ministry of Agriculture
<http://www.moard.gov.et>

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Chapter 5: Trade Regulations, Customs and Standards

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- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
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Import Tariffs

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Revenue generation, not protection of local industry, appears to be the primary purpose of Ethiopia's tariffs. Goods imported from the Common Market for Eastern and Southern Africa (COMESA) members are granted a 10% tariff preference. Tariff duties range from 0% to 35%, with an average rate of 17%. Ethiopia has reduced customs duties on a wide range of imports in recent years, but duties still remain exorbitantly high on certain items such as vehicles. The Ethiopian Government offers duty-free import incentives for investors in certain sectors, especially those planning to export goods and generate foreign currency.

Both Value-Added Tax (VAT) and excise taxes are imposed on imports. The VAT rate is 15% for all goods and services. There are ten excise tax brackets, applied equally to domestically produced and imported goods, ranging from 10% for textiles and electronic products to as high as 200% for alcoholic beverages.

Trade Barriers

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There are no special barriers to U.S. trade and investment, though a number of sectors remain closed to foreign investment (namely telecom and financial services) and U.S. companies have complained about the unexplained cancellation of several government tenders. Constraints to increased trade and investment are poor infrastructure, bureaucratic procedures, and high transaction costs.

Importers face difficulty in obtaining foreign exchange, particularly those importing goods or inputs destined for domestic sales. Ethiopia's central bank administers a strict foreign currency control regime and must approve all foreign currency transactions. While larger firms, state-owned enterprises, and enterprises owned by the ruling party have not typically faced major problems obtaining foreign exchange, the remaining firms face burdensome delays in arranging trade related payments. An importer must apply for an import permit and obtain a letter of credit for the total value of the imports before an order can be placed.

On September 9, 2009, the Ethiopian Government enacted Proclamation No. 655/2009, establishing a regulatory framework for biosafety in Ethiopia. The stated objective of the proclamation is to protect biodiversity, as well as human and animal health, from the "adverse effects of modified organisms." This law places a significant regulatory burden on those who seek to import food commodities containing "modified organisms" (MO) and is both more expansive and comprehensive than internationally accepted norms on biosafety outlined in the Cartagena Protocol on Biosafety. For example, it makes no distinction between viable (i.e., able to reproduce in the environment) and non-viable organisms. As a result, the proclamation may result in a significant barrier to trade in both processed and raw food products, as well as a variety of agricultural products. Corn, soy, and cotton derivative products are among the potentially affected products.

Import Requirements and Documentation

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Most imports to Ethiopia require: (1) three certified copies of the commercial invoice; (2) two detailed copies of the manufacturers invoice; (3) a bill of lading or airway bill; (4) pro-forma invoices; (5) a trade license for commercial imports; (6) an insurance certificate; and (7) a bank permit. Medicines, medical supplies, and medical equipment must be registered with the Food, Medicine and Health Care Administration & Control Authority of Ethiopia (FMHCA). Any plant or plant product, including seeds, agricultural inputs such as chemicals, pesticides and fertilizers cannot be imported to Ethiopia unless registered and duly authorized for import by the Ministry of Agriculture.

U.S. Export Controls

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U.S. companies exporting to Ethiopia must adhere to the requirements of the U.S. Department of Commerce's Bureau of Industry and Security (BIS) and Department of Treasury's Office of Foreign Asset Control (OFAC).

BIS is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of most commercial items. Items that BIS regulates are often referred to as "dual-use"--items that have both commercial and military or proliferation applications--but purely commercial items without an obvious military use are also subject to the EAR.

Other U.S. government agencies regulate exports that are more specialized. For example, the U.S. Department of State has authority over defense articles and defense services. Other agencies involved in export controls include OFAC, which administers controls against certain countries that are the object of sanctions affecting not only exports and re-exports, but also imports and financial dealings. A list of other agencies involved in export controls can be found in Supplement No. 3 to Part 730 of the EAR, which is available on the Government Printing Office website.

Temporary Entry

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Bonded warehouse storage facilities are available for periods of up to ninety days.

Labeling and Marking Requirements

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Shipping markings and labeling are required on all imported goods and should be identical on all documents. The Quality and Standards Authority of Ethiopia (QSAE) oversees these requirements (see contact information in the Standards section).

Prohibited and Restricted Imports

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The Ministry of Trade has the power to restrict and/or limit imports and exports. There are restrictions on the importation of products that compete with locally produced goods.

Prohibited imports:

- Importing used clothes is prohibited.
- The import of arms and ammunitions, except by the Ministry of Defense, is prohibited.
- Goods of a commercial nature and quantity that are not imported through formal bank payment mechanisms are not allowed to enter Ethiopia and may be subject to confiscation.

Customs Regulations and Contact Information

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Customs clearance time has been reduced to less than 21 days, down from over 40 days in recent years. Contact information: Ethiopian Revenues and Customs Authority: P.O. Box 2559, Addis Ababa, Ethiopia; Tel: +251-11-662-9887; Fax: +251-11-662-9818; Email: erca@ethionet.et.

Standards

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The Quality and Standards Authority of Ethiopia (QSAE) is the national standards body of Ethiopia and was established in 1970. This office regulates the quality of all exports and imports. QSAE is the only national standards body in Ethiopia. Standards are consistent with international norms and do not act as a barrier to U.S. products. QSAE is a member of the International Organization for Standardization (ISO), the International Organization of Legal Metrology (OIML), and the Codex Alimentarius Commission (CAC). It is also a founding member of the African Regional Organization for Standardization (ARSO) and has close relations with the International Electrotechnical Commission (IEC). QSAE recently underwent a lengthy reorganization and now reports

to the Ministry of Science and Technology instead of the previous Ministry of Trade of Industry.

Standards Organizations

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The Quality and Standards Authority of Ethiopia (QSAE) is the national standards body of Ethiopia.

Conformity Assessment

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QSAE generally conducts both testing and conformity assessments. The following organizations also provide some testing services: Building Design Enterprise; Addis Ababa University Faculty of Technology; and Ethiopian Health and Nutrition Research Institute.

Product Certification

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With a few exceptions, there are no specific product certification requirements. The imports that are required to have product certification are: food stuffs; construction materials; chemicals; textiles; and pharmaceuticals. QSAE is working on requirements to certify additional products in areas where there is strong consumer interest and a competitive market environment.

Accreditation

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QSAE is working to establish an international accreditation system in line with ISO/IEC Guide 65: General requirements for bodies operating product certification systems. Accreditation is required only for certain sectors such as health, food, and construction. Currently, only one QSAE-certified body is operational. First Ethiopian Management Systems Certification Body has been accredited by the German Association for Accreditation based on the ISO 9001 standard in areas of agriculture and fishing; food, beverage, and tobacco products; textile products; leather products; chemical products and fibers; rubber and plastic products; concrete, cement, lime, plaster, and other construction products; and educational products.

Publication of Technical Regulations

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Proposed technical regulations are regularly published by the QSAE. U.S. companies should contact the QSAE with comments on any proposed regulations. Final regulations are published in the national gazette, the Negarit Gazetta, after they are passed into law.

Labeling and Marking

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Various requirements exist for labeling and marking based on the Ethiopian Standards (ES). U.S. companies can contact QSAE for detailed product specific information.

Contacts

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Quality and Standards Authority of Ethiopia (QSAE) points of contact:

Director General

P. O. Box 2310

Addis Ababa, Ethiopia

Tel: +251-11-646-0569

Fax: +251-11-646-0880

E-mail: dgqsae@ethionet.et; qsae@ethionet.et

<http://www.qsae.org>

Public Relations and Education Service

Tel: +251-11-646-0569

Quality Manager

Tel: +251-11-646-0858

Inspection and Regulatory Affairs Directorate

Tel: +251-11-651-6486

Quality Certificate Directorate

Tel: +251-11-651-6453

Standards and Metrology Directorate

Tel. +251-11-646-0565

U.S. Embassy contact:

Economic/Commercial Section

U.S. Embassy Addis Ababa

Entoto Road

P.O. Box 1014

Addis Ababa, Ethiopia

Tel: +251-11-130-6177 or 6274

Email: kibreth@state.gov

Trade Agreements

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Ethiopia originally signed a Treaty of Amity and Economic Relations with the U.S. in Addis Ababa in 1951, which was updated in 1994. Ethiopia has no bilateral trade or investment agreement with the United States; however, it is eligible for preferential access to the U.S. market under the African Growth and Opportunity Act (AGOA).

Ethiopia is a signatory to the following trade agreements:

- Preferential Trade Agreement between the Ethiopian Government and the Government of the Republic of the Sudan (Addis Ababa, 25 April 2002)
- Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA) (Kampala, 5 November 1993)
- Agreement Establishing Intergovernmental Authority on Development (IGAD) (Nairobi, March 1996)

- African, Caribbean, and Pacific Group States (ACP)-European Union (EU) Economic Partnership Agreement (Cotonou, 23 June 2000)

Ethiopia's World Trade Organization (WTO) accession process has been underway since 2003. Ethiopia submitted a Memorandum of Foreign Trade Regime to the WTO Secretariat in December 2006, sent replies to the first round of WTO member questions in January 2007, and held its first working party meeting in May 2008. In March 2009, Ethiopia submitted its replies to a second round of questions. The scheduling of the second working party meeting has been subject to extensive procedural delay, but is expected to be held in spring 2011.

Web Resources

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African Growth and Opportunity Act
<http://www.agoa.gov>

Common Market for Eastern and Southern Africa
<http://www.comesa.int>

Quality and Standards Authority of Ethiopia (QSAE)
<http://www.qsae.org>

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Openness to Foreign Investment

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In November 2010, the Ethiopian Parliament approved a five-year Growth and Transformation Plan (GTP). The GTP envisages an annual Gross Domestic Product (GDP) growth base case scenario of 11% and a high case growth scenario of 14.9%. Improving the quality of social services and infrastructure, ensuring macroeconomic stability, and enhancing productivity in agriculture and manufacturing are major objectives of the plan. Ethiopia will need massive inflows of foreign direct investment to even approach its ambitious GTP goals. The GTP puts a significant emphasis on developing local production so the country becomes less dependent on imported goods. Ethiopia continues to encourage investment in the export-oriented sectors of textiles/garments, leather/leather products, cut flowers, fruits and vegetables, and agro-processing areas.

The World Bank's Doing Business indicators ranked Ethiopia at 104 out of 183 countries in 2010, holding its ground from the 2009 ranking of 103. The country rated relatively well in terms of starting a business, obtaining construction permits, amount of taxes paid, and the closing of a business.

In October 2010, the International Monetary Fund (IMF) issued Ethiopia's Second Review of the Arrangement under the Exogenous Shocks Facility (ESF). In this report, the IMF cited good progress for Ethiopian in terms of macroeconomic stability and growth momentum. The Ethiopian government stated in its October 2010 public report

that it is committed to meeting the structural reforms proposed by the IMF. The government also reported its commitment to preserving low external public debt and improving the quality of its macroeconomic statistics.

The government has eliminated most of the discriminatory tax, credit and foreign trade treatment of the private sector, simplified administrative procedures, and established guidelines regulating business activities. Foreign investors do not face unfavorable tax treatment, denial of licenses, discriminatory import or export policies, or inequitable tariff and non-tariff barriers. Although bureaucratic hurdles continue to affect project implementation, the Ethiopian Investment Agency (EIA) has improved its services and provides an expedited "one-stop shop" service that has significantly cut the time and cost of acquiring investment and business licenses. A business license can be obtained in one day if all requirements are met. A foreign investor intending to buy an existing private enterprise or buy shares in an existing enterprise needs to obtain prior approval from the EIA. EIA has newly designed website at: <http://www.ethioinvest.org>.

The Public-Private Dialogue Forum (PPDF), a joint consultative forum between the private sector and the government, is scheduled to hold its first meeting in early 2011. The private sector will be represented by the Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA) and the government by the Ministry of Trade (MOT). The PPDF will serve as a forum for businesses to openly discuss the challenges and opportunities of doing business in Ethiopia. Despite this recent breakthrough for the private sector, state-owned enterprises and ruling party-owned entities dominate many sectors of the economy.

Ethiopia's World Trade Organization (WTO) accession process has been underway since 2003. Ethiopia submitted a Memorandum of Foreign Trade Regime to the WTO Secretariat in December 2006, sent replies to the first round of WTO member questions in January 2007, and held its first working party meeting in May 2008. In March 2009, Ethiopia submitted its replies to a second round of questions. The scheduling of the second working party meeting has been subject to extensive procedural delay, but is expected to be held in spring 2011.

In 2009, the Ethiopian government shifted its agricultural policy focus towards encouraging private investment (both domestic and foreign) in larger-scale commercial farms. The Ministry of Agriculture (MOA) created a new Agricultural Investment Support Directorate that is currently negotiating long-term leases (all land is owned by the government) on over 7 million acres of land for these commercial farms. The new Directorate's goal is to boost productivity, employment, technology transfer, and foreign exchange reserves by offering incentives to private investors. The program, even in its early stages, has encountered some protests from individuals and groups claiming interests in land to be made available to new investors.

Intermittent power outages forced factories and businesses to cease operations for several days per week in 2009 and 2010. Power supply improved in 2010, but power transmission lines proved incapable of transferring the energy supply to the end user and some hydro power dams were unable to operate at full capacity. The Ministry of Water and Energy (MOWE) is actively seeking additional investment in Ethiopia's energy sector as it has ambitious plans to export electricity to neighboring countries. MOWE is specifically interested in renewable energy sources and is finalizing a draft feed-in tariff

bill which will establish the rates and conditions for independent power producers to sell electricity to the national grid.

In January 2009, the first American Chamber of Commerce (AmCham) in Ethiopia was established to enhance the bilateral trading relations between the two countries. AmCham currently has about 72 members.

The revised Investment Code of 1996 provided incentives for development-related investments, reduced capital entry requirements for joint ventures and technical consultancy services, created incentives in the education and health sectors, permitted the duty-free entry of capital goods (except computers and vehicles), opened the real estate sector to foreign investors, extended the losses carried forward provision, and cut the capital gains tax from 40% to 10%.

The 1998 and 2002 amendments to Ethiopia's Investment Proclamation further liberalized the investment regime and removed most of the remaining restrictions. The remaining state-controlled sectors include telecommunications, power transmission and distribution, postal services with the exception of courier services, and passenger air service using aircraft with more than 20 seats. Manufacturing of weapons and ammunitions and provision of telecommunications services can only be undertaken as joint ventures with the government.

Ethiopia's investment code prohibits foreign investment in banking, insurance, and financial services. Other areas of investment reserved for Ethiopian nationals include: broadcasting; air transport services; travel agency services, forwarding and shipping agencies; retail trade and brokerage; wholesale trade (excluding supply of petroleum and its by-products as well as wholesale by foreign investors of their locally-produced products); most import trade; export trade of raw coffee, chat, oilseeds, pulses, hides and skins bought from the market; live sheep, goats and cattle not raised or fattened by the investor; construction companies excluding those designated as grade 1; tanning of hides and skins up to crust level; hotels (excluding star-designated hotels); restaurants and bars (excluding international and specialized restaurants); trade auxiliary and ticket selling services; transport services; bakery products and pastries for the domestic market; grinding mills; hair salons; clothing workshops (except garment factories); building and vehicle maintenance; saw milling and timber production; custom clearance services; museums, theaters and cinema hall operations; and printing industries. Ethiopian-Americans can obtain a local resident card from the Ministry of Foreign Affairs that allows them to invest in many sectors closed to foreigners. Foreign firms can supply goods and services to Ethiopian firms in the closed sectors.

The minimum capital requirement of foreign investors is \$100,000 per project for wholly-owned foreign investments and \$60,000 for joint investments with domestic investors. The minimum capital required of foreign investors in the areas of engineering, architectural, accounting and auditing services, business and management consultancy services, and publishing is \$50,000 for wholly-owned foreign investment; and \$25,000 for joint ventures undertaken with domestic partners. A foreign investor reinvesting profits/dividends or exporting at least 75% of the output will not be required to meet minimum capital requirements or the 27% equity requirement of local partners in joint ventures.

The Ethiopian government established a Trade Practices Commission in April 2003 as an investigative commission accountable to the Ministry of Trade and Industry. This Commission was designed to promote a competitive business environment by regulating anti-competitive, unethical, and unfair trade practices to enhance economic efficiency and social welfare. Some of the Commission's powers include: investigating complaints by aggrieved parties; compelling witnesses to appear and testify at hearings; and searching the premises of accused parties. The Trade Practices law was amended in 2010 in efforts to increase the effectiveness of the Commission and overall consumer protection. As a result, the government is in the process of establishing a new body, the Trade Practice and Consumers Protection Authority (TPCPA).

Nearly all tenders issued by the Ethiopian government's Privatization and Public Enterprises Supervising Agency (PPESA) are open to foreign participation. In some instances, the government prefers to engage in joint ventures with private companies rather than sell an entire entity. The government has sold approximately 260 public enterprises since 1994. Most of these enterprises were small enterprises in the trade and service sectors. About 18 of these enterprises were privatized in 2010 and close to 80 public enterprises remain under PPESA control.

Foreign investors have complained about the abrupt cancellation of some government tenders, a perception of favoritism toward Chinese vendors, and a general lack of transparency in the procurement system. In September 2009, the government established a new public procurement and property administration agency. This agency is an autonomous government organ, has its own judicial arm, and is accountable to the Ministry of Finance and Economic Development. The government established this new agency in order to achieve better transparency, efficiency, fairness, and impartiality in public procurement processes and to ensure that the government achieves the maximum benefit from public property use.

The Ethiopian government cites FY 2009/10 (fiscal year ending July 7, 2010) Gross Domestic Product (GDP) growth at 10.4%, while the International Monetary Fund (IMF) and the World Bank estimate it at 7% to 8%. According to the government, Ethiopia's economy has grown at an average of 11% during the past five years.

Foreign exchange reserves have improved in the past two years, but Ethiopia continues to endure a foreign exchange crisis. Reserves dropped to one month of import coverage in December 2008, but have recovered to 2.1 months of import coverage. Reserves have not completely stabilized due to Ethiopia's widening trade deficit. Ethiopia's total imports were \$8.4 billion for FY 2009/10 due to a heavy reliance on imported petroleum and machinery products. On the other hand, Ethiopia's exports totaled only \$2.0 billion in the same year, creating a trade deficit of \$6.4 billion.

Ethiopia has been battling high inflation in recent years. Year-on-year inflation peaked at 64% in July 2008--the second highest in Sub-Saharan Africa after Zimbabwe--but it has declined to the single digits in 2009/10. Inflation has started to creep upwards once again as it stood at 14.5% in December 2010 and 17.7% in January 2011. In efforts to combat inflation, the Ethiopian government enacted various measures beginning in late 2008, including: capping the lending limits of banks; reducing government borrowing from domestic banks; eliminating the domestic fuel price subsidy; depreciating the local currency; importing wheat and selling at subsidized prices; and lifting import duties on food imports. The lending limit on banks is expected to be lifted soon.

Ethiopian Airlines (EAL) now offers daily direct flights between Addis Ababa and Washington Dulles airport on new Boeing 777 aircraft. EAL joined the Star Alliance in September 2010 and is negotiating a code share agreement with several Star Alliance member airlines.

Ethiopia's ranking on various indices:

Measure	Year	Index/Ranking
TI Corruption Index	2010	2.7/116 th out of 178 countries
Heritage Economic Freedom	2011	50.5/144 th out of 179 countries
World Bank Doing Business	2010	104 th out of 183 countries
MCC Gov't Effectiveness	2011	0.50/85 th percentile
MCC Rule of Law	2011	0.15/58 th percentile
MCC Control of Corruption	2011	0.06/58 th percentile
MCC Fiscal Policy	2011	-2.5/47 th percentile
MCC Trade Policy	2011	65.6/41 st percentile
MCC Regulatory Quality	2011	-0.29/34 th percentile
MCC Business Start Up	2011	0.985/92 nd percentile
MCC Land Rights Access	2011	0.634/60 th percentile
MCC Natural Resource Mgmt	2011	52.47/27 th percentile

Conversion and Transfer Policies

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All foreign currency transactions must be transferred through Ethiopia's central bank, the National Bank of Ethiopia (NBE). The local currency (Birr) is not freely convertible. In 2004, the NBE issued a directive that allows non-resident Ethiopians and non-resident foreign nationals of Ethiopian origin to establish and operate foreign currency accounts up to \$50,000.

Ethiopia's Investment Proclamation allows all foreign investors, whether or not they receive incentives, to remit freely profits and dividends, principal and interest on foreign loans, and fees related to technology transfer. Foreign investors may also remit proceeds from the sale or liquidation of assets, from the transfer of shares or of partial ownership of an enterprise, and funds required for debt service or other international payments. The right of expatriate employees to remit their salaries is granted in accordance with NBE foreign exchange regulations. While these transfers are legally allowed, foreign companies face significant delay in the repatriation of profits, as the NBE does not have enough hard currency to allocate to this process. Banks started rationing foreign currency during 2008 on a priority basis, given preference to the state-driven growth in construction, transport, and communication as well as domestic food and agricultural subsidization programs. Many foreign investors continue to face delays in importing equipment and spare parts and businesses must apply for foreign exchange for imports at least six-to-nine months in advance of their intended need.

On September 1, 2010 the government devalued the local currency Birr by 17% (in local currency terms). The Ethiopian government depreciated the Birr over 80% against the U.S. Dollar between 2008 and 2010. In February 2011, the Birr traded at 16.63 per U.S.

Dollar. The rate offered in the illegal parallel market made a marked divergence from the official rate starting in 2005, but the spread between the rates narrowed after the government significantly depreciated the Birr in 2009 and enforced a crackdown on illegal currency dealers. The parallel market exchange rate was approximately 17.05 Birr per U.S. Dollar in February 2011.

In December 2009, the Proclamation on Prevention and Suppression of Money Laundering and the Financing of Terrorism became effective. This legislation created a financial intelligence unit (FIU), but the FIU has just been allocated a budget and is starting to establish its office in early 2011.

Investors are now required to pay state-owned Ethiopian Shipping Lines (ESL) with foreign exchange.

Expropriation and Compensation

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Per Ethiopia's 1996 Investment Proclamation and subsequent amendments, assets of a domestic investor or a foreign investor, enterprise or expansion cannot be nationalized wholly or partly, except when required by public interest and in compliance with the laws and payment of adequate compensation. Such assets may not be seized, impounded, or disposed of except under a court order.

The Derg military regime nationalized many properties in the 1970s. The current government's position is that property seized "lawfully" by the Derg (i.e., by court order or government proclamation published in the official gazette) remains the property of the state. In most cases, property seized by oral order or other informal means is gradually being returned to lawful owners or their heirs through a lengthy bureaucratic process. Claimants are required to pay for improvements made by the government during the time of its control over the property. Ethiopia's Privatization and Public Enterprises Supervising Agency (PPESA) stopped accepting requests from owners of these formerly expropriated properties in July 2008. U.S. citizens are still involved in negotiating the return of some of these properties seized by the Derg with the Ethiopian government.

In recent years, U.S. citizens have alleged property expropriation by various regional governments and are involved in ongoing contractual investment disputes with the government bodies.

Dispute Settlement

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According to the Investment Proclamation, disputes arising out of foreign investment that involve a foreign investor or the state may be settled by means agreeable to both parties. A dispute that cannot be settled amicably may be submitted to a competent Ethiopian court or to international arbitration within the framework of any bilateral or multilateral agreement to which the government and the investor's state of origin are contracting parties.

Investors involved in disputes have expressed a lack of confidence in the judiciary to objectively assess and resolve disputes. Ethiopia's judicial system is overburdened, poorly staffed, and inexperienced in commercial matters, although efforts are underway to strengthen its capacity. There are reports of government influence and intervention

into legal proceedings, particularly those related to government entities or officials. The Ethiopian government recently created a separate court specifically to speed up the processing commercial cases; however, arbitration still appears to be the most efficient means of dispute resolution. The Addis Ababa Chamber of Commerce has an Arbitration Center dedicated to assist those with the arbitration process. There is no guarantee that the award of an international arbitral tribunal will be fully accepted and implemented by Ethiopian authorities. Ethiopia has signed, but never ratified, the 1965 Convention on the Settlement of Investment Disputes between States and Nationals of Other States and the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention).

Performance Requirements and Incentives

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The 2003 amendment to the Investment Proclamation outlines the investment incentives for investors in specific areas. New investors engaged in manufacturing, agro-processing activities or the production of certain agricultural products and who export at least 50% of their products or supply at least 75% of their product to an exporter as a production input are exempt from income tax for five years. An investor who exports less than 50% of his product or supplies his product only to the domestic market is income tax exempt for two years. Investors who expand or upgrade existing enterprises and export at least 50% of their output or increase production by 25% are eligible for income tax exemption for two years. An investor who invests in the relatively under-developed regions of Gambella, Benishangul Gumuz, South Omo, Afar or Somali Region will be eligible for an additional one-year income tax exemption. An investor who exports hides and skins after processing only up to crust level will not be entitled to the income tax incentive.

The government has established a special loan fund through the Development Bank of Ethiopia (DBE) and made available land at low lease rates for priority export areas such as floriculture, leather goods, textiles and garments, and agro-processing related products. An investor can borrow up to 70% of the cost of the project from this special fund without collateral upon presenting a viable business plan and 30% personal equity.

Investors are allowed to import duty-free capital goods and construction materials necessary for the establishment of a new enterprise or for the expansion of an existing enterprise. In addition, spare parts worth 15% of the value of the capital goods can be imported duty-free. This privilege may not be granted if comparable capital goods or construction materials can be produced locally and have competitive prices, quality, and quantity. Imported duty-free capital goods can no longer be used as loan collateral. In 2010, travel agencies/tour companies were granted increased duty-free privileges for the importation of goods such as vehicles.

The Ministry of Agriculture's (MOA) Agricultural Investment Support Directorate offers grace periods of up to seven years on land rents. The Directorate is currently focused on land deals in the remote regions of Gambella, Benishangul Gumuz, Southern Nations, and Afar.

In July 2008, the Ethiopian government introduced an export tariff of up to 150% on raw and semi-processed hides and skins in an effort to shift domestic production to focus more on higher-value finished leather, hides and skins. In October 2010, the Ethiopian

government applied similar exorbitant export tariffs on raw cotton in order to force more locally-produced cotton into the burgeoning domestic textile industry. In January 2011, the Ethiopian government put price controls in effect for 18 commodities aimed at addressing "unhealthy market competition," according to Prime Minister Meles Zenawi. The commodities affected include: bread, meat, sugar, fruit, vegetables, beer, and imported products including milk powder and rice.

Ethiopia does not have discriminatory or excessively onerous visa, residence, or work permit requirements for foreign investors; however, investors may face bureaucratic delays in obtaining these documents.

Right to Private Ownership and Establishment

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Both foreign and domestic private entities have the right to establish, acquire, own and dispose of most forms of business enterprises.

There is no right of private ownership of land. All land is owned by the state and can be leased for up to 99 years.

Protection of Property Rights

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Secured interests in property are protected and enforced, although all land ownership remains in the hands of the state. Certain residents have been relocated (and usually compensated) when the government decides that the land they are living on should be used for a road or other public use. Land leasehold regulations vary in form and practice by region. Mortgages are uncommon as loan terms are generally quite short.

Ethiopia has yet to sign a number of major international intellectual property rights (IPR) treaties, such as: the Paris Convention for the Protection of Industrial Property; the World Intellectual Property Organization (WIPO) copyright treaty; the Berne Convention for Literary and Artistic Works; and the Patent Cooperation Treaty. The Ethiopian Intellectual Property Rights Office (EIPO) has been tasked primarily to protect Ethiopian copyrighted materials and pirated software. Generally, EIPO has weak capacity in terms of manpower and law enforcement. In addition, a number of businesses, particularly in the tourism and service industries, operate in Ethiopia freely using well-known trademarked names or symbols without permission.

Transparency of Regulatory System

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Ethiopia's regulatory system is generally considered fair, though there are instances in which burdensome regulatory or licensing requirements have prevented the local sale of U.S. exports, particularly health-related products. Government ministries often pass decisions and associated paperwork to various ministries before any decision is finalized. In many cases, this paperwork gets stuck in one ministry and no decision is made.

The government is in the process of establishing a new accounting standards body. According to the draft legislation, the new National Accounting and Audit Board (NAAB) would have the power to accredit accounting and auditing firms as well as oversee financial reporting standards of both private and public enterprises. The central bank

has already issued a directive for all banks and insurance companies to adhere to International Financial Reporting Standards (IFRS) in 2011. Investment, business, and other licenses for foreign investors can now be obtained from the Ethiopian Investment Agency in a matter of hours.

Proposed national laws are generally circulated for public comment prior to enactment.

Efficient Capital Markets and Portfolio Investment

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Access to finance is an impediment to increased private investment. While credit is available to investors on market terms, the 100% collateral requirement limits the ability of some investors to take advantage of business opportunities. In addition, due to current inflationary concerns, the National Bank of Ethiopia (NBE) (central bank) does not allow commercial banks to lend above their current limits.

Ethiopia currently has fifteen banks--three state-owned and twelve privately-owned. Six more private banks are under formation but not yet licensed. Foreign banks are not permitted to provide financial services in Ethiopia. The state-owned Commercial Bank of Ethiopia owns 42% of the \$0.9 billion in total capital of the banking sector (as of end March 2010 using exchange rate of 13.4 Birr/U.S. Dollar). Due to the NBE's recently-imposed stringent supervision, the commercial banks' non-performing loan ratio is declining and below 15%.

Ethiopia does not have a securities market, although the government is drafting private share trading legislation to better regulate the private share market.

The NBE controls the bank minimum deposit rate, which now stands at 5%, while loan interest rates are allowed to float. Real interest rates have been negative in recent years mainly driven by high inflation. The government offers a limited number of 28 days, 3-month, and 6-month Treasury bills, but prohibits the interest rate from exceeding the bank deposit rate. The yields on these T-bills are 1% and below. This market remains unattractive to the private sector and over 95% of the T-bills are held by the state-owned Commercial Bank of Ethiopia.

The Ethiopia Commodity Exchange (ECX) was launched in 2008 and currently offers trades of commodities such as coffee, sesame seeds, maize, wheat, and haricot beans. The government launched ECX to increase transparency in commodity pricing, alleviate food shortages, and encourage the commercialization of agriculture.

Competition from State Owned Enterprises

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State-owned enterprises and ruling party-owned entities dominate major sectors of the economy. There is state monopoly or state-run dominance in sectors such as telecommunications, power, banking, insurance, air transport, shipping, and sugar. Ruling party-affiliated "endowment" companies have a strong presence in the ground transport, fertilizer, and textile sectors. Both state-owned enterprises and "endowment" companies dominate the cement sector.

State-owned enterprises have considerable advantages over private firms, particularly in the realm of Ethiopia's regulatory and bureaucratic environment, including ease of

access to credit and speedier customs clearance. Local business owners as well as foreign investors complain of the lack of a level playing field when it comes to state-owned and party-owned businesses. While there is no report of credit advancement to these entities, there are indications that they receive incentives such as priority foreign exchange allocation, preferences in government tenders, and marketing assistance. Ethiopia's publishes aggregate financial data of state-owned enterprises, but detailed information is not including in the national budget.

Corporate governance of state-owned enterprises is structured and monitored by a board of directors composed of senior government officials and politically-affiliated individuals. In 2010, the Ethiopian government "corporatized" state-owned enterprise Ethiopian Telecommunications Corporation (ETC) by turning over 50% of its management to France-Telecom per a two-year contract. As part of this process, a new company, Ethio Telecom (ET), is being formed to replace ETC.

Corporate Social Responsibility

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Some larger international companies have introduced corporate social responsibility (CSR) programs; however, most local companies do not practice CSR. There is a movement to develop CSR programs by the Ministry of Industry in collaboration with the World Bank, U.S. Agency for International Development, and others. The Ethiopian Chamber of Commerce, in cooperation with regional chambers, is also creating awareness on generally accepted CSR principles.

Political Violence

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Ethiopia has been relatively stable and secure for investors. Insurgents operating in the Somali Region of Ethiopia have warned investors against exploring oil or natural gas resources in this area. In April 2007, the Ogaden National Liberation Front (ONLF) attacked Chinese and Ethiopian workers at an oil exploration site which was surrounded by military forces. Over 70 workers were killed in this attack. In 2010, a British oil worker was killed in the Somali Region.

The May 2010 national election was peaceful and resulted in the ruling party Ethiopian People's Revolutionary Democracy Front (EPRDF) and affiliates capturing 99.6% of all seats in the federal and regional parliaments. There were numerous claims of voter intimidation and coercion of opposition party candidates and members in the run up to the 2010 election.

In 2009, the Ethiopian government passed an Antiterrorism Proclamation granting executive branch-controlled security services virtually unlimited authority to take unilateral action to disrupt suspected terrorist activities. Terrorist activities are broadly defined in the legislation and could be used to define political activities.

Corruption

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Ethiopia ratified the United Nations (UN) Anticorruption Convention in 2007.

The UN Investment Guide to Ethiopia (2004) asserted that routine bureaucratic corruption is virtually non-existent in Ethiopia. The guide added that bureaucratic delays certainly exist, but are not devices by which officials seek bribes.

Transparency International's 2010 Corruption Perceptions Index, which measures perceived levels of public sector corruption ranked Ethiopia as 2.7 out of 10 (with 0 indicating "highly corrupt" and 10 indicating "very clean"). Ethiopia's corruption perception rating has continued to improve over the past few years after spiking in the aftermath of the 2005 elections. Ethiopia ranked 116th out of 178 rated countries in 2010.

The Ministry of Justice and the Federal Ethics and Anti-Corruption Commission (FEACC) are charged with combating corruption. Since its establishment, the Commission has arrested many officials on charges of corruption, including managers of the Privatization Agency, Ethiopian Telecommunications Corporation, National Bank of Ethiopia, Ethiopian Geological Survey, the state-owned Commercial Bank of Ethiopia, and private businessmen. In 2010, there were several arrests of businessmen for alleged tax evasion.

It is a criminal offense to give or receive bribes, and bribes are not tax deductible.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:

<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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Ethiopia has bilateral investment and protection agreements with China, Denmark, Italy, Kuwait, Malaysia, Netherlands, Russia, Sudan, Switzerland, Tunisia, Turkey, Yemen, Spain, Algeria, Austria, UK, Belgium/Luxemburg, Libya, Egypt, Germany, Finland, India, and Equatorial Guinea and a protection of investment and property acquisition agreement with Djibouti. A Treaty of Amity and Economic Relations, which entered into force in 1953, governs economic and consular relations with the United States. Ethiopia also has double taxation treaties with thirteen countries, including Italy, Kuwait, Romania, Russia, Tunisia, Yemen, Israel, South Africa and Sudan. There is no double taxation treaty between the U.S. and Ethiopia despite interest of the growing U.S.-Ethiopian business community in having one.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) has offered risk insurance and loans to U.S. investors in Ethiopia in the past, but has not originated any investment in Ethiopia in recent years. In 2007, OPIC established the Enterprise Development Network (EDN)--an alliance between OPIC and the private sector--to help source and process small business deals.

Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA).

Approximately 80% of Ethiopia's 82 million people work in subsistence agriculture. The Ethiopian government and armed forces are the most important sectors of employment outside of agriculture. Approximately 40% of the urban workforce is unemployed. The high urban underemployment is partially offset by an informal economy. According to a May 2006 International Labor Organization (ILO) survey, the informal sector constitutes 70% to 80% of the workforce.

Ethiopia has ratified all eight core ILO conventions. The Ethiopian Penal Code outlaws work specified as hazardous by ILO conventions. The Ethiopian Parliament ratified ILO Convention 182 on the Worst Forms of Child Labor in May 2003.

According to the 2010 Index of Economic Freedom (produced by the Heritage Foundation), Ethiopia scored a 61.5 out of 100 for labor freedom, just below the world average. The index rating states "relatively rigid labor regulations [in Ethiopia] hinder employment and productivity growth. The non-salary cost of employing a worker is very low, but firing unneeded or poorly performing employees is difficult. Restrictions on work hours are inflexible."

Ethiopia generally enjoys labor peace. There was one formal labor strike in 2010. The right to form labor associations and engage in collective bargaining is constitutionally guaranteed for many workers, but excludes managerial employees, teachers, and civil servants. Although the constitution and law provide workers with the right to strike to protect their interests, detailed provisions make legal strike actions difficult to carry out. During the past year, there was no reported government interference in trade union activities.

Child labor is widespread in Ethiopia. While not a pressing issue in the formal economy, child labor is common in rural agrarian areas and the informal economy in urban areas. Both NGO and Ethiopian government sources concluded that goods produced (in the agricultural sector and traditional weaving industry in particular) via child labor are largely intended for domestic consumption, and not slated for export. Employers are statutorily prohibited from hiring children under the age of 14. There are strict labor laws defining what sectors may hire "young workers," defined as workers aged 14 to 18, but these laws are infrequently enforced.

Labor remains readily available and inexpensive in Ethiopia. Skilled manpower, however, is scarce in many fields. Ethiopia's illiteracy rate is over 60%. There is no national minimum wage standard.

There are no areas designated as foreign trade zones and/or free ports in Ethiopia. Because of the 1998-2000 Ethiopian-Eritrean war, Ethiopian exports and imports through the Eritrean port of Assab are prohibited. As a result, Ethiopia conducts almost all of its trade through the port of Djibouti with some trade via the Somaliland port of Berbera and Sudan's Port Sudan. Despite Ethiopia's efforts to clamp down on small-scale trade of contraband, unregulated exports of coffee, live animals, chat (a mildly

narcotic amphetamine-like leaf), fruit and vegetables, and imports of cigarettes, alcohol, textiles, electronics and other consumer goods continues.

Foreign Direct Investment Statistics

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Foreign direct investment (FDI) flows into Ethiopia have gradually increased in the last few years. According to estimates by the National Bank of Ethiopia, FDI increased from \$150 million in 2005 to \$1.1 billion in 2010. Floriculture, horticulture, textile, and leather are the sectors that have attracted the most FDI. Recently, commercial farming has attracted Indian, Saudi, European, and U.S. investors. According to the Ethiopian Investment Agency, the stock of U.S. FDI since 1993 in Ethiopia reached nearly \$1 billion as of December 2010, which includes both projects under implementation and operation.

U.S. companies with a presence and participation in Ethiopia's economy include (either through direct presence or licensing/distribution agreement): Boeing, Coca-Cola, Pepsi-Cola, Caterpillar, John Deere, Proctor & Gamble, Johnson & Johnson, Ford, Mack Trucks, General Motors, Ernst & Young, Radisson, Sheraton, Hilton, Motorola, Microsoft, IBM, Cessna, Bell Helicopters, Perkins, Massey Ferguson, Case IH, 3M, Lucent Technologies, Cisco, Federal Express, United Parcel Service, Rank/Xerox Corporation, Cargill, Navistar, and Hughes Network.

Web Resources

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Local Attorneys

http://ethiopia.usembassy.gov/attorney_information.html

Patent, Trademark, or Copyright issues

<http://www.stopfakes.gov>

Information on the Foreign Corrupt Practices Act

<http://www.justice.gov/criminal/fraud/docs/dojdocb.html>

The UN Anticorruption Convention

<http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>

To report a Trade Barrier

http://tcc.export.gov/Report_a_Barrier/index.asp

U.S. Department of Justice Fraud Section

<http://www.justice.gov/criminal/fraud/fcpa>

Office of the Chief Counsel for International Counsel

http://www.ogc.doc.gov/trans_anti_bribery.html

Department of Commerce Office of the Chief Counsel for International Commerce

http://www.ogc.doc.gov/trans_anti_bribery.html

Corruption Perceptions Index

http://www.transparency.org/policy_research/surveys_indices/cpi/2009

Global Corruption Report

<http://www.transparency.org/publications/gcr>

Worldwide Governance Indicators

http://info.worldbank.org/governance/wgi/sc_country.asp

Global Enabling Trade Report

<http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>

U.S. State Department's annual Human Rights Report

<http://www.state.gov/g/drl/rls/hrrpt/>

World Bank Global Integrity Report

<http://report.globalintegrity.org/>

World Bank Business Environment and Enterprise Performance Surveys

<http://go.worldbank.org/RQQXYJ6210>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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There are different basic methods of receiving payment for products sold in Ethiopia, the selection of which is usually determined by the degree of trust in the buyer's ability to pay. Payment alternatives that U.S. exporters might consider, in order of the most secure to the least secure, include:

- Confirmed irrevocable letter of credit (if concerned about the importer and international standing of his bank)
- Irrevocable letter of credit (if concerned only about the reliability of the importer)
- Documentary collection (cash against document)
- International Telegraphic Transfer (when the transaction is below \$5,000 and for certain types of goods, such as urgent medicine).

As a general rule, U.S. exporters selling to Ethiopia for the first time are advised to transact business only on the basis of an irrevocable letter of credit, confirmed by a recognized international bank. Any other form of payment carries a high level of risk.

How Does the Banking System Operate

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The Ethiopian Government allowed the establishment of private banks and insurance companies in 1994, but continues to prohibit foreign ownership in this sector. The Ethiopian banking sector is currently comprised of a central bank (National Bank of Ethiopia or NBE), three government-owned banks, twelve private banks, and twelve insurance companies. In 2011, six more private banks are under formation but not yet issued licenses.

The state-owned Commercial Bank of Ethiopia (CBE) dominates the market in terms of assets, deposits, bank branches, and total banking workforce. CBE operates 331 branches, holding \$4.4 billion in assets. The two government-owned specialized banks are the Development Bank of Ethiopia (DBE) and the Construction and Business Bank (CBB). DBE extends short, medium and long-term loans for viable development projects, including industrial and agricultural projects. DBE also provides other banking services such as checking and saving accounts to its clients. The CBB provides long-term loans for construction, acquisition or maintenance of dwellings, community facilities and real estate development. In addition, it offers all other commercial banking services to business.

The NBE aims to foster monetary stability and a sound financial system, maintaining credit and exchange conditions conducive to the balanced growth of the economy. The NBE may engage with banks and other financial institutions in the discount, rediscount, purchase, or sale of duly signed and endorsed bills of exchange, promissory notes, acceptances, and other credit instruments with maturities of not more than 180 days from the date of their discount, rediscount, or acquisition by the bank. The bank may buy, sell, and hold foreign currency notes and coins and such documents and instruments, including telegraphic transfers, as are customarily employed in international payments or transfers of funds.

In efforts to combat inflation, the Ethiopian Government capped the lending limits of banks beginning in late 2008. This measure has restricted the private sector's access to finance.

Foreign-Exchange Controls

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All payments abroad require permits and all transactions in foreign exchange must be carried out through authorized dealers supervised by the NBE. The NBE has delegated most of the foreign exchange transaction functions to the commercial banks but strictly dictates margins. Importers and exporters can now obtain import/export permits through the commercial banks. In addition, exporters can retain indefinitely 10% of their foreign exchange proceeds and sell the remaining 90% to commercial banks within four weeks. Foreign investors may repatriate all of their profits abroad.

The acute foreign exchange crisis that plagued Ethiopia throughout 2008 and 2009 is expected to continue to challenge businesses in the future. Foreign exchange reserves dropped to \$700 million in 2008, but have risen to about \$2.1 billion at the end of 2010. Currently, businesses face about two weeks of waiting for foreign exchange.

U.S. Banks and Local Correspondent Banks

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U.S. banks are prohibited from operating in Ethiopia. The following are some Ethiopian banks with correspondent relationships with U.S. banks:

Awash International Bank
P.O. Box 12638
Addis Ababa, Ethiopia
Tel: +251-11-661-4482/661-3023
Fax: +251-11-661-4477
Email: awash.bank@ethionet.et
<http://www.awash-international-bank.com>

Bank of Abyssinia
P.O. Box 12947
Addis Ababa, Ethiopia
Tel: +251-11-551-4130
Fax: +251-11-551-0409
Email: bankofabyssinia@ethionet.et
<http://www.bankofabyssinia.com>

Commercial Bank of Ethiopia (CBE)

P.O. Box 255

Addis Ababa, Ethiopia

Tel: +251-11-551-5004

Fax: +251-11-551-4522

E-mail: cbe.president@ethionet.et; cbeMrk@telecom.net.et

<http://www.combanketh.com>

Construction and Business Bank

P.O. Box 3480

Addis Ababa, Ethiopia

Tel: +251-11-551-51-2300

Fax: + +251-11-551-5103

E-mail: cbb@ethionet.et; cbbbdd@ethionet.et

<http://www.cbb.com.et>

Dashen Bank

P.O. Box 12752

Addis Ababa, Ethiopia

Tel: +251-11-465-4073/465-0286

Fax: +251-11-465-3037

E-mail: dashen.bank@ethionet.et

<http://www.dashenbanksc.com>

Lion International Bank S.C

P.O. Box 27026 Code 1000

Addis Ababa, Ethiopia

Tel: +251-11-662-6000

Fax: +251-11-662 5999

Email: anbesabank@ethionet.et; lionbank@ethionet.et

<http://www.anbesabank.com>

National Bank of Ethiopia (NBE) (Central Bank)

P.O. Box 5550

Addis Ababa, Ethiopia

Tel: +251-11-551-7430

Fax: +251-11-551-4588

Email: nbe.excd@ethionet.et

<http://www.nbe.gov.et>

Nib International Bank

P.O. Box 2439

Addis Ababa, Ethiopia

Tel: +251-11-550-3288/550-3304

Fax: +251-11-550-4349

Email: nibbank@ethionet.et

<http://www.nibbank-et.com>

United Bank
P.O. Box 19963
Addis Ababa, Ethiopia
Tel: +251-11-465-5222/465-5272
Fax: +251-11-465-5243
Email: hibretbank@ethionet.et
<http://www.unitedbank.com.et>

Wegagen Bank
P.O. Box 1018
Addis Ababa, Ethiopia
Tel: +251-11-552-3800/552-3526
Fax: +251-11-552-3520/552-3521
E-mail: wegagen@ethionet.et
<http://www.wegagenbank.com.et>

Zemen Bank S.C
Addis Ababa, Ethiopia
Tel: +251-11-552-3800/552-3526
Fax: +251-11-552-3520/552-3521
Email: customerservice@zemenbank.com
<http://www.zemenbank.com>

Project Financing

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Access to finance is challenging on the local market. Local private banks often require a large percentage of loans as collateral, which must usually consist of cash or durable capital physically located in Ethiopia. The NBE must approve loans from overseas institutions that require hard currency debt repayments.

The World Bank's International Finance Corporation provides some equity financing for private sector projects. The World Bank agreed to release roughly \$500 million for the implementation of development projects every year. The African Development Bank granted Ethiopia \$200 million for the same purpose.

A list of some ongoing projects funded by the World Bank/International Development Association (IDA) is below:

Table 1: Ethiopian Private Sector Development – Capacity Building

Project Name (ID):	ET-Priv Sec Dev CB (FY05) (P050272)
Country:	Ethiopia
Board Approval Date:	21-Dec-2004
Closing Date:	31-Jul-2012
Sector:	General industry and trade sector (60%); Central Government Administration (32%); Tertiary education (8%)
Project development objective(s):	The key objective is to facilitate increased participation of the private sector in the economy by creating conditions for improving its productivity and competitiveness.

Table 2: Ethiopian Sustainable Land Management

Project Name (ID):	ET-Sustainable Land Mngt SIL (FY08) (P107139)
Country:	Ethiopia
Board Approval Date:	29-Apr-2008
Closing Date:	30-Sep-2013
Sector:	General water, sanitation and flood protection sector (32%); General agriculture, fishing and forestry sector (30%); Central government administration (26%); Sub-national government administration (9%); Law and justice (3%)
Project development objective(s):	The development objectives of the project are to reduce land degradation in agricultural landscapes and improve the agricultural productivity of smallholder farmers. The global environment objective is also to reduce land degradation and enhance the protection and/or restoration of ecosystem functions and diversity in agricultural landscapes.

Table 3: Ethiopian Road Sector Development

Project Name (ID):	ET-Road Sec Dev Prgm Ph 2 Supl 2 (FY05) (P082998)
Country:	Ethiopia
Board Approval Date:	22-Sep-2004
Mid-Term Review Date:	22-Oct-2007
Closing Date:	30-Jun-2012
Sector:	Roads and highways (90%); Central government administration, (9%); Sub-national government administration (1%)
Project development objective(s):	The objectives are to: (i) increase the road transport infrastructure, and improve its reliability; (ii) strengthen the capacity for road construction, management and maintenance; and (iii) create conditions conducive to private sector participation in the road sector.

Table 4: Ethiopian Rural Electric Access

Project Name (ID):	ET-Elect. Access Rural II SIL (FY07) (P101556)
Country:	Ethiopia
Board Approval Date:	03-Jul-2007
Closing Date:	31-Dec-2011
Sector:	Power (94%); Renewable energy (4%); Central government administration (2%)
Project development objective(s):	The project's development objective is to establish a sustainable program for expanding access to electricity in rural communities thus supporting broad-based economic development and helping alleviate poverty.

Table 5: Ethiopian Financial Sector Capacity Building

Project Name (ID):	ET-Financial Sector Cap Bldg. Project (P094704)
Country:	Ethiopia
Board Approval Date:	22-Jun-2006
Mid-Term Review Date:	04-Apr-2008
Closing Date:	30-Jun-2010
Sector:	Banking (45%); Housing finance and real estate markets (17%); Micro- and SME finance (17%); Capital markets (11%); Payment systems, securities clearance and settlement (10%)
Project development objective(s):	The project will assist in building the foundation for a more transparent, well-governed, well-regulated, and competitive financial sector that can allocate resources to the private sector more effectively and efficiently, and help ensure better access to finance for all.

Table 6: Ethiopian Tourism Development

Project Name (ID):	ET-Tourism Develop. Project SIL (P098132)
Country:	Ethiopia
Board Approval Date:	30-Jun-2009
Closing Date:	30-Dec-2014
Sector:	Other industry (45%); Other domestic and international trade (41%); Public administration- Industry and trade (9%); General education sector (5%)
Project development objective(s):	The project development objective is to enhance the quality and variety of tourism products and services in targeted destinations so as to increase the volume of tourism, foreign exchange earnings, and jobs.

Table 7: Irrigation and Drainage

Project Name (ID):	ET-Irrigation & Drainage SIL (FY07) (P092353)
Country:	Ethiopia
Board Approval Date:	21-Jun-2007
Closing Date:	31-Oct-2015
Sector:	Irrigation and drainage (65%), Central government administration (18%), Agricultural marketing and trade (10%), Agricultural extension and research (5%), Sub-national government administration (2%)
Project development objective(s):	The development objective of the project is to sustainably increase agricultural output and productivity in project areas. The expected overall project results include: (a) increase in value added per worker; and (b) increase in value added per hectare.

World Bank project source:

<http://siteresources.worldbank.org/EXTSOPE/Resources/5929620-1254491038321/6460830-1254525284835/Ethiopia.pdf>

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U.S. agencies:

Export-Import Bank (EXIM) of the United States

<http://www.exim.gov>

EXIM Bank's Country Limitation Schedule

http://www.exim.gov/tools/country/country_limits.html

Overseas Private Investment Corporation (OPIC)

<http://www.opic.gov>

Trade and Development Agency

<http://www.tda.gov>

Small Business Administration's (SBA) Office of International Trade

<http://www.sba.gov/oit>

U.S. Department of Agriculture (USDA) Commodity Credit Corporation

<http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development

<http://www.usaid.gov>

Other resources:

Commercial Bank of Ethiopia

<http://www.combanketh.com>

World Bank

<http://www.worldbank.org>

African Development Bank

<http://www.afdb.org>

Development Bank of Ethiopia

<http://www.dbe.com.et>

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Business Customs

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Business hours are usually from 8:30 or 9:00 a.m. to 5:00 or 5:30 p.m. Most businesses close for lunch for an hour anytime from 12:00 to 2:00 p.m. Most businesspersons wear standard business suits and the exchange of business cards is a standard practice. In some instances, small gifts are exchanged. U.S. firms should maintain close contact with distributors and customers to exchange information and ideas. The understanding developed through periodic personal visits is the best way to keep distributors apprised of new developments and to resolve problems quickly. Ethiopians tend to be fairly formal during initial meetings and become less so once personal relationships are developed. Individuals are universally addressed by first name rather than by last name (no family name is used; the second name is the person's father's first name). For a man, the common title (comparable to "Mister") is "Ato" and for a woman it is "Woizero" (Mrs.) if married and "Woizerit" (Miss) if single. Business is often conducted at the office or during a meal. Business entertaining may be conducted at Ethiopian cultural restaurants (which include traditional dancing and food), international restaurants, or even in personal residences. Most services must be paid for in cash (local currency). Credit cards can only be used in a few hotels and high-end shops. Addis Ababa has a handful of ATMs, many of which are often out of service.

Travel Advisory

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Please visit the following websites for travel information and advisories:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1113.html

http://ethiopia.usembassy.gov/information_for_travelers.html

Visa Requirements

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Visas are required for all visitors to Ethiopia (with the exception of nationals of Djibouti and Kenya) and are readily available from Ethiopian embassies abroad. Citizens of the United States and nationals of some other countries are eligible to obtain and purchase visas at Bole International Airport upon arrival (\$20 to be paid in dollars), but it is advised

to get a visa prior to arrival to avoid any problems or delays. Passports must be valid for six months beyond the end of the traveler's stay in Ethiopia. Passengers transiting through Ethiopia holding confirmed onward flight bookings within 72 hours may be able to obtain transit visas on arrival. A departure tax of \$20 is levied on all foreign travelers (included in the airfare). Evidence of immunization against yellow fever is also required upon entry.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy visa Website: <http://ethiopia.usembassy.gov/visas.html>

Telecommunications

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There is only one telecom service provider in the country--the state-owned Ethio Telecom (ET)--that operates all fixed, mobile, and internet services. Phone and Internet services are poor due to the lack of sufficient infrastructure and frequent power outages, although this capacity has improved with Ethiopia's connection to the undersea/ground fiber optic cable built by Seacom via Djibouti. Additional fiber optic connections are in the pipeline via the Kenyan border. Blackberry service does not currently work in the country, but ET has pledged to finalize an agreement with Blackberry soon. SIM cards and phone cards (for minutes) are available for sale through different outlets, including the Hilton. There are pay phones available both inside the airport and in parts of the city. Internet service is available at major hotels (though fees can be high) and at numerous Internet cafes throughout the capital and in some larger regional cities.

Transportation

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Many major airlines service Addis Ababa's Bole International Airport including Lufthansa, KLM, Ethiopian Airlines, Turkish Airways, Egyptair, and more recently Gulf Air. Ethiopian Airlines operates domestically to reach major regional hubs within the country. Private charter plane services are also available for domestic travel. Many hotels operate airport shuttles. In addition, individual taxis are widely available. Official airport taxis are yellow, while basic taxis are painted blue. Foreigners are not advised to use public buses or collective taxes (minibuses) due to safety concerns.

Language

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There are more than 80 major language groups in Ethiopia, although the national language, Amharic, is spoken throughout the country. Oromiffa and Tigrinya are other widely-used Ethiopian languages. English is the second official language and is understood in most towns among the more educated segments of the population.

Health

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Addis Ababa is located above 8,000 feet above sea level, which may cause health problems, even for otherwise healthy travelers. Individuals may experience shortness of

breath, blurry vision, slow reaction times, fatigue, nausea, headaches, leg cramps, ringing in the ears, and insomnia. Drinking large amounts of bottled water sometimes relieves these symptoms. Visitors should only drink bottled water and exercise caution if choosing to eat uncooked vegetables or meat. Health facilities are extremely limited in Addis Ababa and inadequate outside of the capital. Many medications are not available. Many regions outside of Addis Ababa are in malaria zones. All travelers should possess a valid health certificate for yellow fever. Other recommended vaccinations include: tetanus, hepatitis A, hepatitis B, typhoid, meningitis, poliomyelitis, and rabies.

Local Time, Business Hours, and Holidays

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Ethiopia is in the GMT + 3 hours time zone. Ethiopia follows the Julian calendar, which consists of twelve months of 30 days each and a 13th month of 5 or 6 days. The Ethiopian day starts at 6 a.m. (dawn) instead of 12 a.m., so Ethiopians often quote meeting times that are 6 hours different than an international clock. Be sure to confirm time and date schedules to avoid confusion.

Ethiopian Holiday Schedule 2011

January 7	Christmas
January 19	Epiphany
February 15*	Birthday of the Prophet Mohammed
March 2	Victory of Adwa
April 22	Good Friday
April 24	Ethiopian Easter
May 1	May Day (Int. Labor Day)
May 5	Patriots' Victory Day
May 28	Downfall of the Derg
August 31 *	Id Al Feitr (Ramadan)
September 11	Ethiopian New Year
September 27	Meskal
November 7*	Id Al Id Al Adaha (Arefa)

* Holiday based on the lunar calendar. Date is subject to change.

Temporary Entry of Materials and Personal Belongings

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Duty-free import is permitted for up to:

- 20 packets of cigarettes or 250 grams of cigars or 1/3 kilo of tobacco.
- 2 liters of alcoholic beverages or wine.
- 1/2 liter or two bottles of perfume.
- 1 radio.
- Personal hygienic and cosmetic articles (6).
- Recorded video and tape cassette (6).
- 1 laptop computer with accessories (to be taken out of country up on departure).
- 1 non-professional camera.
- Articles of personal use for taking care of daily necessities of life.

Visitors may export souvenirs, although some articles (such as animal skins and antiques) require an export permit.

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Ethiopian Ministry of Foreign Affairs

http://www.mfa.gov.et/Consular_Affair_Diplomatic/Consular_Affair.php

Ministry of Culture and Tourism

<http://www.tourismethiopia.org/>

State Department Travel/visa websites

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1113.html

U.S. Embassy Addis Ababa

<http://ethiopia.usembassy.gov>

U.S. Embassy Addis Ababa (Consular Section – U.S. Citizen Services)

<http://ethiopia.usembassy.gov/service.html>

http://ethiopia.usembassy.gov/information_for_travelers.html

U.S. Embassy (Economic/Commercial Section)

http://ethiopia.usembassy.gov/commercial_office.html

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Chapter 9: Contacts, Market Research and Trade Events

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Contacts

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U.S. Government:

U.S. Foreign Commercial Service
Commercial Service Eastern Africa
U.S. Embassy Nairobi, United Nations Avenue
P.O. Box 606, Village Market 00621
Nairobi, Kenya
Tel: +254-20-363-6000 (x6424)
Fax: +254-20-363-6065
Email: camille.richardson@trade.gov
<http://www.buyusa.gov/kenya>

Economic/Commercial Section
U.S. Embassy Addis Ababa
Entoto Road
P.O. Box 1014
Addis Ababa, Ethiopia
Tel: +251-11-130-6177 or 6274
Fax: +251-11-130-7570
Email: kibreth@state.gov
http://ethiopia.usembassy.gov/commercial_office.html

Foreign Agricultural Service
U.S. Embassy Addis Ababa
Entoto Road
P.O. Box 1014
Addis Ababa, Ethiopia
Tel: +251-11-130-6349
Email: Merritt.Chesley@fas.usda.gov
<http://www.fas.usda.gov>

Export-Import Bank (EXIM)
811 Vermont Avenue, N.W
Washington, D.C. 20571
Tel: (202) 565-3946 or 1-800-565-EXIM
Fax: (202) 565-3380
<http://www.exim.gov>

U.S. Department of Commerce
Market Access and Compliance – Office of Africa
14th & Constitution Avenues NW
Washington, D.C. 20230
Tel: (202) 482-4227
Fax: (202) 482-5198
<http://www.commerce.gov>

Chambers of Commerce:

The American Chamber of Commerce in Ethiopia
P.O. Box 18776
Addis Ababa, Ethiopia
Tel: +251-11-554-9002
Fax: +251-11-553-1989
Email: amcham@amchamethiopia.net

Addis Ababa Chamber of Commerce and Sectoral Associations
P.O. Box 2458
Addis Ababa, Ethiopia
Tel: +251-11-550-4647
Fax: +251-11-550-4649
Email: planning@addischamber.com
<http://www.addischamber.com>

Ethiopian Chamber of Commerce and Sectoral Associations
Tel: +251-011-551-8240
Fax: +251-011-551-7699
E-mail: ethchamb@ethionet.et
<http://www.ethiopianchamber.com>

Ethiopian Government:

Ethiopian Investment Agency (EIA)
P.O. Box 2313
Addis Ababa, Ethiopia
Tel: +251-11-553-9474 / 551-0033
Fax: +251-11-551-4396
Email: ethiopian.invest@ethionet.et
<http://www.ethioinvest.org>

Ministry of Trade
P.O. Box 704
Addis Ababa, Ethiopia
Tel: + 251-11-551-3900
Fax: +251-11-151-4288
Email: moti@moti.gov.et

Ministry of Industry
P.O. Box 5641
Addis Ababa, Ethiopia
Tel: + 251-11-515-8054
Fax: +251-11-553-4969

Ministry of Agriculture
P.O. Box 63247
Addis Ababa, Ethiopia
Tel: +251-11-646-2238
Fax: +251-11-554-6804

Ministry of Finance and Economic Development
P.O. Box 1037
Addis Ababa, Ethiopia
Tel: +251-11-122-6698
Fax: +251-11-155-3844
E-mail: medac2@telecom.net.et
<http://www.mofed.gov.et>

Ministry of Foreign Affairs of Ethiopia
P.O. Box 393
Addis Ababa
Tel: +251-11-551-7345
Fax: +251-11-551-4300
Email: MFA.Addis@ethionet.et
<http://www.mfa.gov.et>

Ethiopian Revenues and Customs Authority
P.O. Box 2559
Addis Ababa, Ethiopia
Tel: +251-662-9887
Fax: +251-11-662-9818
Email: erca@ethionet.et
<http://www.erca.gov.et>

Ministry of Communication and Information Technology
P.O. Box 1028
Addis Ababa, Ethiopia
Tel: +251-11-550-3973
Fax: +251-11-550-3974
Email: eictda@eictda.gov.et
<http://www.eictda.gov.et>

Ministry of Health
P.O. Box 486
Addis Ababa, Ethiopia
Tel: +251-11-551-7011
Fax: +251-11-551-9366
Email: moh@ethionet.et
<http://www.moh.gov.et>

Ministry of Culture and Tourism
P.O. Box 1907
Addis Ababa, Ethiopia
Tel: +251-11-551-9399:
Fax: +251-11-551-2889
Email: info@tourismethiopia.org
tour-com@telecom.net.et
<http://www.tourismethiopia.org>

Ministry of Mines
P.O. Box 486
Addis Ababa, Ethiopia
Tel: +251-11-646-3166
Fax: +251-11-661-0885

Ministry of Transport
P.O. Box 1238
Addis Ababa, Ethiopia
Tel: + 251-11-551-6166
Fax: +251-11-155-15665

Ministry of Science and Technology
P.O. Box 2490
Addis Ababa, Ethiopia
Tel: +251-11-551-1344
Fax: +251-11-552-4400

Ministry of Urban Development and Construction
P.O. Box 24134 Code 1000
Addis Ababa, Ethiopia
Tel: +251-11-551-6166

Ministry of Water and Energy
P.O. Box 5744
Addis Ababa, Ethiopia
Tel: +251-11-661-1111
Fax: +251-11-661-0885
Email: info@mowr.gov.et
<http://www.mowr.gov.et>

Addis Ababa City Administration Municipality
P.O. Box 9137
Addis Ababa, Ethiopia
Tel: +251-11-156-2394
Fax: +251-11-155-1295
<http://www.addisababacity.gov.et>

Addis Ababa City Administration Transport Authority
P.O. Box 8639
Addis Ababa, Ethiopia
Tel: +251-11-661-4690
Fax: +251-11-661-4702
<http://www.telecom.net.et/~aata>

Addis Ababa City Finance and Economic Development Bureau
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Tel: +251-11-155-2680
Fax: +251-11-155-1685
Email: aa.cgfb@ethionet.et
<http://www.addisababacity.gov.et>

Addis Ababa Master Plan (AAMP)
P.O.Box:23683(Code 1000)
Addis Ababa, Ethiopia
Tel: +251-11-662-2743
Email: oramp@telecom.net.et
<http://www.telecom.net.et/~aamp>

Addis Ababa Revenue Agency
P.O. Box 205
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Tel: +251-11-157-1482
Fax: +251-11-157-1483
Email: info@aarevenue.et
<http://www.aarevenue.net>

Ethiopian Agricultural Research Organization
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Tel: +251-11-646-2633
Fax: +251-11-646-1294
Email: dg@eiar.gov.et
<http://www.eiar.gov.et>

Ethiopian Insurance Corporation
P.O. Box 2545
Addis Ababa, Ethiopia
Tel: +251-11-551-2400
Fax: +251-11-551-7499
Email: eic.md@ethionet.et

Ethiopian Mapping Authority
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Tel: +251-11-551-8445
Fax: +251-11-551-5189
Email: ema@telecom.et
<http://www.telecom.net.et/~ema>

National Bank of Ethiopia
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Privatization and Public Enterprises Supervising Agency
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Addis Ababa, Ethiopia
Tel: +251-11-552-7322
Fax: +251-11-553-6629

Maritime and Transit Services Enterprise
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Addis Ababa, Ethiopia
Tel: +251-11-551-0666
Fax: +251-11-551-4097
Email: mtse@telecom.et
<http://www.telecom.net.et/~mtse>

Ethiopian Airlines
P.O. Box 1755
Addis Ababa, Ethiopia
Tel: +251-11-661-5110
Fax: +251-11-661-1474
Email: publicrelations@ethiopianairlines.com
<http://www.ethiopianairlines.com>

Ethio Telecom (ET)
P.O. Box 1047
Addis Ababa, Ethiopia
Tel: +251-11-663-2597
Fax: +251-11-663-2674
<http://www.ethionet.et>

Ethiopian Electric Power Corporation (EEPCO)
P.O. Box 1233 or 3474
Addis Ababa, Ethiopia
Tel: +251-11-156-0041 / 156-0041
Fax +251-11-155-2345
Email: eelpa@telecom.net.et
<http://www.eepco.gov.et>

Ethiopian Shipping Lines
P.O. Box 2572
Addis Ababa, Ethiopia
Tel: +251-11-551-8280
Fax: +251-11-551-5263
Email: esl@ethionet.et

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the links below for information on upcoming trade events:

<http://www.export.gov/tradeevents/index.asp>
<http://www.export.gov/ethiopia/>
<http://www.addischamber.com/aaccsa/tradefair/>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The Economic/Commercial Section of the U.S. Embassy Addis Ababa is the operational arm of the U.S. Department of Commerce in Ethiopia. The Economic/Commercial Section is prepared to assist you with:

- Networking and linkage opportunities for financial, operational and technological needs;
- Business climate guidance for market entry and importation/exportation activities;
- Developing your business advocacy strategies for Ethiopian Government relationships;
- Matches with agents and potential business partners for your sector; and
- Information on Ethiopian business requirements and restrictions.

Services offered by our Commercial Team:

- Gold Key Service (arranging appointment schedule with relevant parties)
- International Company Profile (report on an individual company)
- International Partner Search (compiling information on potential strategic partners)

Gold Key

The Gold Key matching program provides visiting American firms with pre-qualified and pre-screened meetings with potential overseas agents, distributors, sales representatives and strategic business partners. This program features:

- Appointments with pre-screened and pre-qualified Ethiopian firms
- Background and contact information on each potential partner, such as: the size of the company; number of years in business; product or service lines; and capability to provide after-sales service.
- Customized market briefing with Commercial Specialists.
- Available market research on the relevant industry sector.

International Company Profile

The International Company Profile (ICP) helps U.S. companies evaluate potential business partners by providing a detailed report on those companies which have been personally visited by a U.S. Embassy Commercial Section representative in Ethiopia.

Clients can request answers to detailed questions about Ethiopian companies on a variety of issues and receive expert advice from our Commercial Specialists about the relative strength of the firm in its market and its reliability.

The International Partner Search

The International Partner Search (IPS) will help you to find the most suitable licensees, distributors, agents and strategic partners. You provide your marketing materials and background on your company and using our extensive contacts in the target market we will identify potential partners and provide you with a detailed description of up to five pre-qualified prospects. You will:

- Save valuable time and money by working only with pre-qualified international partners that best meet your needs.
- Obtain valuable information on the marketability and sales potential of your products and services.

For more information on the services offered please click on the following links:

http://ethiopia.usembassy.gov/commercial_office.html

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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